



**Valereum Plc**

(previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

FINANCIAL STATEMENTS

for the year ended 31 December 2022

**Valereum Plc** *(previously Valereum Blockchain Plc and Upper Thames Holdings Plc)*

**Financial Statements**

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**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Company Information**

**DIRECTORS**

Richard O'Dell Poulden, Chairman  
Patrick L Young, Executive  
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**

Privat 3 Money Ltd  
6 Princes Street, 4<sup>th</sup> Floor  
London W1B 2LG  
United Kingdom

**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Company Information (continued)**

**AQSE CORPORATE ADVISOR**

First Sentinel Corporate Finance Limited  
72 Charlotte Street,  
London, W1T 4QQ  
United Kingdom (up to 16 February 2021)

Peterhouse Capital Limited  
3rd Floor, 80 Cheapside  
London, EC2V 6EE  
United Kingdom (from 16 February 2021 up to  
14 October 2022)

First Sentinel Corporate Finance Limited  
72 Charlotte Street,  
London, W1T 4QQ  
United Kingdom (from 14 October 2022)

**REGISTERED NUMBER**

107915

**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Chairman's Statement**

**Year ended 31 December 2022**

Dear Shareholders,

When we announced in October 2021 that we had taken an option to acquire 80% of the Gibraltar Stock Exchange ("GSX"), we did not anticipate that it would take another twelve months, until October 2022, to obtain the transfer of ownership permission.

Since then, the crypto markets and broader financial markets have been in a period of flux, with increased volatility and deteriorating investor sentiment. The high-profile collapse of FTX led to a clamp down on crypto worldwide in the final quarter of last year and this was followed in March 2023 with the collapse of Silicon Valley Bank and Credit Suisse. This has impacted investor sentiment around the world but particularly in London. Small cap funding declined in 2022 and the first six months of 2023 has seen very little investment overall.

This context is important because, as a financial services business, Valereum is in the midst of this. We are in the process of raising money to enable the roll out of our plans for the GSX and elsewhere and I firmly believe the outcome of our ongoing discussions will be welcomed by all shareholders.

**The Gibraltar Stock Exchange ("GSX")**

It has been a long road to get to this point but all of our initial analysis which underpinned our strategy for the renewed GSX has proven to be correct. The focus on growth companies in the Middle East, Africa and India is correct as their need for capital markets investment remains unmatched. We have continued our international discussions in the Middle East and in Asia, so once the acquisition is complete, we are well positioned to begin the execution of our strategy.

In June 2023, we have renegotiated our agreement, subject to contract, with the GSX group to acquire 100% of the GSX for a substantially reduced price for the remaining 50% of the business. As you will see in the accounts, in accordance with IAS 36, we impair the initial investment to reduce the holding value to the same price as the remaining tranche. We believe that accepting this technical write-down of the value, and saving over £1m in cash, is in the best interests of shareholders.

As security for the payments made thus far, 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.

**Valereum Collections**

During the year we also announced the launch of Valereum Collections. This is building on the work we have done linking NFTs (Non-Fungible Tokens) to physical real-world assets. The Collections strategy is separate from any linking of securities to the blockchain through NFTs but builds on the work done on this during last year.

**Sale of Bitcoin Assets**

In August 2022, we announced the conditional sale of our Bitcoin mining assets to Vinanz Ltd for shares in Vinanz. This sale was completed in April 2023 when Vinanz listed on the AQUIS Stock Exchange. Valereum now holds shares in Vinanz with a current market value of approximately £800,000 which are restricted for 12 months.

We believe Bitcoin remains a very attractive investment and that Vinanz is pursuing a robust strategy to deliver this value to shareholders.

**Financing and Markets**

During the year, we raised £2.23m (\$3m) primarily from a partial drawdown on the \$10m facility announced in January 2022. Repayments during the year and during the first half of 2023 have reduced the balance outstanding to \$800,000.

As always, I would particularly like to thank you all: staff, shareholders and advisers for your hard work and support.

  
**Richard Poulden**

**Chairman**

29 June 2023

**Valereum Plc** (previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

**Directors' Report**  
**Year ended 31 December 2022**

The Directors present their report together with audited financial statements of Valereum Plc ("VLRM" or "the Company") for the year ended 31 December 2022.

**Principal activities**

The main focus for VLRM is the acquisition of the Gibraltar Stock Exchange ("GSX"). During the year the Company exercised options over 50% of the exchange where the shares are held under a fixed charge prior to final transfer of control. The Company has a further option to acquire 100% of GSX.

**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, 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 16.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022.

**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. We have directors and advisers who are well versed in all aspects of the exchange 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.

**Directors**

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

	<b>Consultancy fees £</b>
Richard O'Dell Poulden	200,000
Patrick L Young	360,000
Alan David Gravett	25,000
	<hr/>
	585,000

**Valereum Plc** (previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

**Directors' Report**  
**Year ended 31 December 2022**

**Directors (continued)**

Consultancy fees paid to Richard Poulден 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 £84,779 (2021: £38,641).

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

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

- (a) Richard Poulден's interest in the Ordinary Shares (or depositary interests in respect thereof) referred to above (a) belong to Black Swan Group of which Richard Poulден 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**

The Company continues to incur losses. For the year ended 31 December 2022, the Company has a total loss before tax of £4,245,160 (2021: £1,837,823). At the end of the year, the accounts show that the Company held cash balances totaling £92,528 (2021: £1,432,377). Administrative costs, excluding interest expense, share-based payments expense, and impairment loss during the year, were £1,839,216 (2021: £1,484,478).

Since June 2020, the Company has been focusing on the acquisition of the Gibraltar Stock Exchange (GSX).

During the first quarter of 2022, the Company secured a US\$10m facility from a US Fund Manager (Note 12). This facility along with additional capital that the Company plans to raise through issuance of shares, provides the Company with the necessary funds to complete the acquisition of GSX, comply with regulator's conditions, and maintain the working capital to develop and create the platform for future growth. The going concern strategy also relies on the ability to be able to successfully penetrate the relevant markets.

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 and in particular the next twelve months from the date of signing these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Directors' Report**

**Year ended 31 December 2022**

**Events after the reporting year**

On 17 January 2023, the Company issued 1,849,225 new ordinary shares of 0.1 pence each at a price of 8.8448 pence per share which totals to £163,560 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

On 21 February 2023, the Company issued 2,197,844 new ordinary shares of 0.1 pence each at a price of 7.5847 pence per share which totals to £166,660 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

On 27 March 2023, the Company issued 2,836,002 new ordinary shares of 0.1 pence each at a price of 5.7687 pence per share which totals to £163,600 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

On 31 March 2023, the Company's subsidiary Valereum Collections Ltd issued a total of 11,280 new ordinary shares of 0.0001 pence at a price of £6.25 per share. This raised £70,500 and Valereum now owns 99.8% of Valereum Collections Ltd.

On 21 April 2023, the Company sold its Bitcoin Mining assets to Vinanz Ltd ("Vinanz") for a total consideration of 27,325,171 shares in Vinanz. Vinanz is listed on London's AQUIS Stock Exchange and these shares had an asset value to Valereum of around £800,000 (valued at Vinanz's listing price of 3p per shares as at 21 April 2023).

On 24 April 2023, the Company issued 3,425,425 new ordinary shares of 0.1 pence each at a price of 4.7112 pence per share which totals to £161,380 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

On 17 May 2023, the Company issued 3,690,575 new ordinary shares of 0.1 pence each at a price of 4.3289 pence per share which totals to £159,760 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

On 25 May 2023, the Company has signed an option agreement to purchase Sparta Ltd, a licensed company service provider in Gibraltar which specialises in company formation and management.

On 21 June 2023, the Company issued 3,421,349 new ordinary shares of 0.1 pence each at a price of 4.5602 pence per share which totals to £156,020 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

**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.

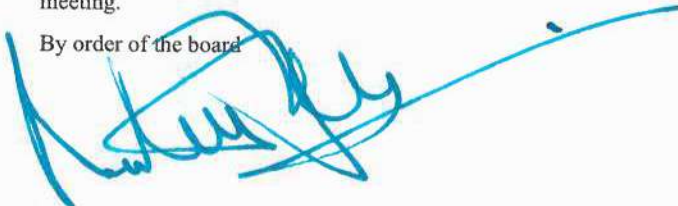
This information is given and should be interpreted in accordance with the provisions of Gibraltar Companies Act 2014.

**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**

29 June 2023



**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Statement of Directors' Responsibilities**

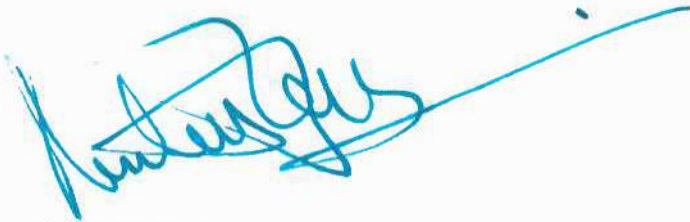
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 as adopted by the United Kingdom. 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

29 June 2023



# RSM

RSM Audit (Gibraltar) Limited

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Gibraltar

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rsm.gi

## **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 2022, and the statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 December 2022, 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 2022 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 United Kingdom; 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.

#### **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 has incurred a net loss for the year and has accumulated losses from prior years.

## **THE POWER OF BEING UNDERSTOOD** AUDIT | TAX | CONSULTING

RSM is a Gibraltar registered trading name for the following Gibraltar companies: RSM Gibraltar Limited (FSC licence number FSC0020PCA), RSM Audit (Gibraltar) Limited (FSC licence number FSC0766FSA), RSM Fund Services (Gibraltar) Limited (FSC permission number 11808) and RSM Fiduciary (Gibraltar) Limited (FSC permission number 20018). All companies are registered at 21 Engineer Lane, Gibraltar, GX11 1AA.

All the above named companies are members of the RSM network and trade as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**Independent auditor's report  
To the shareholders of Valereum Plc**

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

**Emphasis of matter – Going concern (*continued*)**

The going concern ability of the Company relies on a number of matters including the continued availability of the funding facility along with additional capital to be raised. The Company also relies on the success of Gibraltar Stock Exchange including compliance of the regulator's conditions and final approval for the change in control as well as the successful development of the market. 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.

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
<p><b>Going concern assessment</b></p> <ul style="list-style-type: none"> <li>As disclosed in Note 2, the financial statements have been prepared on a going concern basis.</li> <li>As at 31 December 2022, the Company has net current liabilities of £1,579,676 (2021: net current assets of £1,539,760). In addition, the Company continues to incur losses. For the year ended 31 December 2022, the Company also has a total loss before tax of £4,245,160 (2021: £1,837,823). At the end of the year, the accounts show that the Company held cash balances totaling £92,528 (2021: £1,432,377). Administrative costs, excluding interest expense, share-based payments expense, and impairment loss during the year, were £1,839,216 (2021: £1,484,478). 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.</li> <li>The going concern ability of the Company relies on a number of matters including the continued availability of the funding facility along with additional capital to be raised.</li> <li>The Company also relies on the success of Gibraltar Stock Exchange including compliance of the regulator's conditions and final approval for the change in control as well as the successful development of the market.</li> <li>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.</li> <li>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 acquisitions. Taking into account the ability of the Company to raise adequate funding, 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.</li> </ul>	<p>Our procedures in relation to management's going concern assessment included:</p> <ul style="list-style-type: none"> <li>We identified that the most significant assumptions in assessing the Company's ability to continue as a going concern were its ability to continue with the finance facility, raise further capital, meet all the regulator's conditions and successfully develop the business. The calculations supporting the assessment require management to make highly subjective judgements. The assessments are based on estimates of future events and are fundamental in determining the suitability of the basis adopted for the preparation of the financial statements. We have reviewed these assumptions and calculations;</li> <li>We noted that the Company relies on the existing \$10m facility as disclosed in note 2; and,</li> <li>We noted that the directors' fees can be settled by shares as well as cash at the discretion of the Company.</li> </ul>	<p>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 material uncertainty and therefore, we included an emphasis of matter paragraph in our audit report.</p>

**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 £90,000 which was determined on the basis of 6% of the Company's net assets before impairment charge as at 31 December 2022.

**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 United Kingdom, 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.

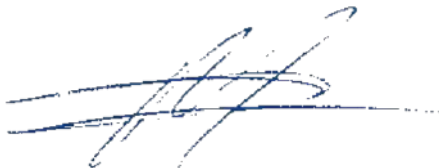
In the light of the knowledge and understanding of the Company, and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

***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

29 June 2023



Valereum Plc (previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

**Statement of Total Comprehensive Income  
for the year ended 31 December 2022**

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Administrative expenses		(4,277,717)	(1,860,478)
<b>Operating loss</b>	4	(4,277,717)	(1,860,478)
Foreign exchange gain/(loss)		1,536	(1,676)
Interest expense		-	(5,000)
Interest income		31,021	29,331
<b>Loss before taxation</b>		(4,245,160)	(1,837,823)
Tax on loss	6	-	-
<b>Loss for the financial year</b>		(4,245,160)	(1,837,823)
<b>Other comprehensive income</b>			
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Unrealised (loss)/gain on crypto assets		(23,677)	85,957
<b>Other comprehensive income for the year</b>		(23,677)	85,957
<b>Total comprehensive loss for the year</b>		(4,268,837)	(1,751,866)
Basic and diluted loss per share	7	(0.057)	(0.029)

There are no recognised gains or losses other than disclosed above and there have been no discontinued activities during the year.

The notes on pages 20 to 32 form part of these financial statements.



Valereum Plc (previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

Statement of Financial Position  
as at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
<b>Current assets</b>			
Loans and other receivables	8	274,352	332,331
Cash and cash equivalents		92,528	1,432,377
		<u>366,880</u>	<u>1,764,708</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	61,010	108,243
Intangible asset	10	62,280	85,957
Investments	11	750,000	777,001
		<u>873,290</u>	<u>971,201</u>
<b>Total assets</b>		<u>1,240,170</u>	<u>2,735,909</u>
<b>Current liabilities</b>			
	12	1,946,556	224,948
<b>Equity</b>			
Share capital	13	4,131,220	4,125,594
Share premium	13	22,888,797	22,066,933
Revaluation reserve	10	62,280	85,957
Translation reserve		257,478	257,478
Share-based payments reserve	14	377,500	153,500
Accumulated losses		(28,423,661)	(24,178,501)
		<u>(706,386)</u>	<u>2,510,961</u>
<b>Total equity and liabilities</b>		<u>1,240,170</u>	<u>2,735,909</u>

The financial statements were approved by the board and authorised for issue on 29 June 2023 and signed on its behalf by:

Richard O'Dell Poulden  
Director

Alan David Gravett  
Director

The notes on pages 20 to 32 form part of these financial statements.

**Valereum Plc**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2022**

	Notes	Share Capital £	Share Premium £	Translation Reserve £	Revaluation Reserve £	Share-based Payments Reserve £	Accumulated Losses £	Total Equity £
<b>Balance at 31 December 2020</b>		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
<b>Balance at 31 December 2021</b>		4,125,594	22,066,933	257,478	85,957	153,500	(24,178,501)	2,510,961
Comprehensive loss for the year		-	-	-	(23,677)	-	(4,245,160)	(4,268,837)
Share-based payments	14	-	-	-	-	224,000	-	224,000
Shares issued during the year	13	5,626	821,864	-	-	-	-	827,490
<b>Balance at 31 December 2022</b>		4,131,220	22,888,797	257,478	62,280	377,500	(28,423,661)	(706,386)

The notes on pages 20 to 32 form part of these financial statements.

Valereum Plc (previously Valereum Blockchain Plc and Upper Thames Holdings Plc)

**Statement of Cash Flows**  
**Year ended 31 December 2022**

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
<b>Cash flows from operating activities</b>			
Loss for the year		(4,268,837)	(1,751,866)
Reconciliation to cash generated from operations:			
Unrealised loss/(gain) on crypto assets	10	23,677	(85,957)
Share-based payments expense	14	224,000	376,000
Impairment of investments	11	2,214,501	-
Depreciation	9	47,233	33,457
Decrease/(increase) in receivables		57,979	(318,881)
Increase in payables		1,721,608	146,574
<i>Net cash inflow/(outflow) from operating activities</i>		<u>20,161</u>	<u>(1,600,673)</u>
<b>Cash flows from investing activities</b>			
Payment for acquisition of property, plant and equipment	9	-	(141,700)
Payment for acquisition of investments	11	(2,187,500)	(777,001)
<i>Net cash outflow from investing activities</i>		<u>(2,187,500)</u>	<u>(918,701)</u>
<b>Cash flows from financing activities</b>			
Issue of shares	13	827,490	3,948,500
<i>Net cash inflow from financing activities</i>		<u>827,490</u>	<u>3,948,500</u>
<b>Net (decrease)/increase in cash</b>		(1,339,849)	1,429,126
Cash at bank and in hand at the start of the year		1,432,377	3,251
Cash at bank and in hand at the end of the year		<u>92,528</u>	<u>1,432,377</u>

The notes on pages 20 to 32 form part of these financial statements.

**Valereum Plc** (previously *Valereum Blockchain Plc* and *Upper Thames Holdings Plc*)

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**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.

**2 Accounting Policies**

The principal accounting policies adopted by the Company in the preparation of its financial statements for the year ended 31 December 2022 with comparatives for the year ended 31 December 2021 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 United Kingdom 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 United Kingdom at the year-end. The financial statements have been prepared under the historical cost convention.

During the year, the Company changed the basis of financial reporting from preparing the financial statements under IFRS as adopted by the European Union to United Kingdom adopted IFRS. The change in standards has no significant impact to the Company’s existing accounting policies and figures in the previous year’s financial reports.

***Going concern***

The Company continues to incur losses. For the year ended 31 December 2022, the Company has a total loss before tax of £4,245,160 (2021: £1,837,823). At the end of the year, the accounts show that the Company held cash balances totaling £92,528 (2021: £1,432,377). Administrative costs, excluding interest expense, share-based payments expense, and impairment loss during the year, were £1,839,216 (2021: £1,484,478).

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.

During the first quarter of 2022, the Company secured a US\$10m facility from a US Fund Manager (Note 12). This facility along with additional capital that the Company plans to raise through issuance of shares, provides the Company with the necessary funds to complete the acquisition of GSX, comply with regulator’s conditions, and maintain the working capital to develop and create the platform for future growth. The going concern strategy also relies on the ability to be able to successfully penetrate the relevant markets.

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 and in particular the next twelve months from the date of signing these financial statements. 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”).

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**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.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**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
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***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.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**2 Accounting Policies (continued)**

***Standards, amendments and interpretations to existing standards that are effective in 2022***

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:

- *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 PFRS 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*

***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:

- *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.*
- *Amendments to IAS 1, 'Presentation of Financial Statements' (effective from 01 January 2023). The amendment provides guidelines on disclosures of accounting policies and material judgements in the financial statements.*
- *Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors (effective from 01 January 2023). The amendment provides additional guidance on the definition of accounting estimates, application of changes in estimates and distinction of errors between estimates.*
- *Amendments to IFRS 16, 'Lease Liability in a Sale and Leaseback' (effective from 1 January 2024). The amendments require seller-lessee to apply the subsequent measurement requirements for lease liabilities unrelated to a sale and leaseback transaction to lease liabilities arising from a leaseback in a way that it recognises no amount of the gain or loss related to the right of use that it retains. The amendments will require seller-lessee to reassess and potentially restate sale and leaseback transactions entered since 2019.*

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**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)***

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 £221,352 as disclosed in note 8. As at 31 December 2022, the Directors believe that the value of the investments in GSX representing 50% share in the company is £750,000. Accordingly, an impairment loss amounting to £2,212,501 was recognised in addition to the write-off of £2,000 investment cost capitalised relating to Juno Holdings Limited as disclosed in note 11. The Directors believe that the carrying amounts of the financial assets approximate their fair values.



**Notes to the Financial Statements  
for the year ended 31 December 2022**

**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 £224,000 (2021: £376,000). As disclosed in note 14, the fair value of share warrants granted in 2022 was £224,000 (2021: £153,500) and the fair value of the share warrants exercised during the year was nil (2021: £222,500). The fair value of share warrants outstanding as at 31 December 2022 is £377,500 (2021: £153,500)

**4 Operating loss**

Operating loss is stated after charging the following:

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor for the audit of the financial statements	29,950	22,950
Remuneration of directors of the Company	585,000	487,806
Share-based payment expense	224,000	376,000
Impairment loss	2,214,501	-

**5 Staff costs**

During the year ended 31 December 2022, excluding Directors, the average number of people employed by the Company was nil (2021: nil). During the year ended 31 December 2022, the Company paid wages and salaries of £nil (2021: £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 2022 and 2021, the Company has not recognised deferred tax assets and has no deferred tax liabilities.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**7 Basic and diluted loss per share**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>£</b>	<b>£</b>
Loss attributable to ordinary shareholders	<u>(4,268,837)</u>	<u>(1,751,866)</u>
Weighted average number of new ordinary shares at end of the period	<u>73,598,453</u>	<u>12,444,882</u>
Issued ordinary shares at the beginning of the period	73,598,453	12,444,882
Effect of share issues after reorganisation	<u>75,019,425</u>	<u>47,521,203</u>
Weighted average number of new ordinary shares at 31 December	<u>148,617,878</u>	<u>59,966,085</u>
Weighted average number of new ordinary shares at 31 December (after retrospective adjustment)	<u>75,019,425</u>	<u>59,966,085</u>
Basic loss per share before capital reorganisation	-	-
Basic loss per share after capital reorganisation	<u>(0.057)</u>	<u>(0.029)</u>

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.

**8 Trade and other receivables**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>£</b>	<b>£</b>
Loan receivable	221,352	279,331
Prepayments and accrued income	<u>53,000</u>	<u>53,000</u>
	<u>274,352</u>	<u>332,331</u>

The loan receivable is payable on demand and attracts an 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.

Notes to the Financial Statements  
for the year ended 31 December 2022

9 Property, plant and equipment

	31 December 2022 £	31 December 2021 £
<u>Cost</u>		
As at 1 January	141,700	-
Additions during the year	-	141,700
As at 31 December	<u>141,700</u>	<u>141,700</u>
<u>Accumulated Depreciation</u>		
As at 1 January	33,457	-
Depreciation charges during the year	47,233	33,457
As at 31 December	<u>80,690</u>	<u>33,457</u>
<u>Net Book Value</u>		
As at 31 December	<u>61,010</u>	<u>108,243</u>

The property, plant and equipment consist of computer equipment used in mining Bitcoin crypto assets. The equipment was subsequently sold by the Company to Vinanz Ltd ("Vinanz") in April 2023 for a consideration of equity shares in Vinanz.

10 Intangible assets

	31 December 2022 £	31 December 2021 £
<u>Cost</u>		
As at 1 January	85,957	-
Revaluation	(23,677)	85,957
As at 31 December	<u>62,280</u>	<u>85,957</u>

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

11 Investments

	31 December 2022 £	31 December 2021 £
<u>Cost</u>		
As at 1 January	777,001	-
Additions	2,187,500	777,001
Impairment	(2,214,501)	-
As at 31 December	<u>750,000</u>	<u>777,001</u>

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.

In 2021, the Company also capitalised £2,000 option fees paid in relation to a Sale and Purchase Agreement with Pure Dead Brilliant Limited to acquire the entire issued share capital of Juno Holdings Limited. In 2022, the Company decided not to proceed with the purchase and written-off the cost capitalised.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**11 Investments (continued)**

On 26 January 2022, the Call Option Agreement with GSX Limited was amended to increase the option to acquire a total of 90% of GSX Limited. Thereafter, the Company exercised Milestone Two Option and acquired an additional 40% of the issued share capital of GSX Limited for £2,187,500.

The acquisition of the shares of GSX Limited by the Company is subject to Gibraltar Financial Services Commission's conditions. Accordingly, the Company and GSX Group Limited entered into a deed of mortgage of shares on account of the consideration paid by the Company and appointed the Company as the true and lawful attorney and proxy of GSX Group Limited in respect of the mortgaged shares.

As at 31 December 2022, the Directors believe that the value of the investments in GSX representing 50% share in the company is £750,000. Accordingly, an impairment loss amounting to £2,212,501 was recognised.

**12 Current liabilities**

	<b>31 December 2022 £</b>	<b>31 December 2021 £</b>
Loan from noteholders	1,400,409	-
Other payables including taxation and social security	446,329	91,112
Due to related party undertakings (Note 19)	65,501	-
Accruals and deferred income	34,317	133,836
	<u>1,946,556</u>	<u>224,948</u>

The Company entered into an investment agreement with YA II PN, Ltd and Riverfort Global Opportunities PCC Limited on 26 January 2022. The noteholders agreed to advance a total of up to \$10,000,000 to the Company. The purpose of this investment funding facility is to finance the exercise of the option to acquire the issued share capital of GSX Limited and serve as general working capital of the Company. The loan may be converted into ordinary shares of the Company at the discretion of the noteholders. In 2022, the Company has advanced a total amount of \$3,000,000. As at 31 December 2022, the outstanding balance is £1,400,409 following conversions as detailed in note 13.

Other payables include amounts due to directors amounting £261,666 (2021: £48,749) in respect of their fees as disclosed in note 19.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**13 Share capital**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Authorised:	<b>£</b>	<b>£</b>
Ordinary shares of GBP 0.001 each	<u>6,000,000</u>	<u>6,000,000</u>

Allotted and called up:

	<b>31 December 2022 Number of shares</b>	<b>31 December 2022 Share capital £</b>	<b>31 December 2022 Share premium £</b>	<b>31 December 2021 Number of shares</b>	<b>31 December 2021 Share capital £</b>	<b>31 December 2021 Share premium £</b>
As at 1 January	<u>73,598,453</u>	<u>4,125,594</u>	<u>22,066,933</u>	<u>12,444,882</u>	<u>4,064,440</u>	<u>18,179,587</u>
Issued during the year	5,626,175	5,626	821,864	58,328,571	58,329	3,667,671
Warrants exercised during the year	-	-	-	2,825,000	2,825	219,675
As at 31 December	<u>79,224,628</u>	<u>4,131,220</u>	<u>22,888,797</u>	<u>73,598,453</u>	<u>4,125,594</u>	<u>22,066,933</u>

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 £184,025 (US\$250,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 17 August 2022, the Company issued 1,049,024 new ordinary shares of 0.1 pence each at a price of 19.735 pence per share which totals to £207,025 (US\$250,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 1 November 2022, the Company issued 1,260,337 new ordinary shares of 0.1 pence each at a price of 10.3175 pence per share which totals to £130,035 (US\$150,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 8 November 2022, the Company issued 1,606,336 new ordinary shares of 0.1 pence each at a price of 10.8769 pence per share which totals to £174,720 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 10 November 2022, the Company issued 1,210,682 new ordinary shares of 0.1 pence each at a price of 10.8769 pence per share which totals to £131,685 (US\$150,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

**14 Share based payments**

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

	<b>Number of warrants/options 2022 No</b>	<b>Average exercise price 2022 £</b>	<b>Number of warrants/options 2021 No</b>	<b>Average exercise price 2021 £</b>
Outstanding at 1 January	35,764,285	0.2127	-	-
Issued during the year	1,266,032	0.3412	38,589,285	0.2029
Exercised during the year	-	-	(2,825,000)	0.0788
Outstanding at 31 December	<u>37,030,317</u>	<u>0.2131</u>	<u>35,764,285</u>	<u>0.2127</u>

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**14 Share based payments (continued)**

The fair value of share warrants granted in 2022 was £224,000 (2021: £153,500) and the fair value of the share warrants exercised during the year was nil (2021: £222,500). The fair value of share warrants outstanding as at 31 December 2022 is £377,500 (2021: £153,500). 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 2. 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:

	<b>December 2022 £</b>	<b>December 2021 £</b>
Financial assets:		
Loan receivable	221,352	279,331
Cash and cash equivalents	92,528	1,432,377
Investments	750,000	777,001
	<u>1,063,880</u>	<u>2,488,709</u>
Financial liabilities:		
Loan from noteholders	1,400,409	-
Due to related party undertaking	65,501	-
Other creditors	446,329	133,836
Accruals and deferred income	34,317	91,112
	<u>1,946,556</u>	<u>224,948</u>

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 2022, nor the year ended 31 December 2021.

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.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**15 Financial instruments and financial risk management (continued)**

Financial risk management (continued)

**(a) Market risk (continued)**

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.

**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 2022.

**17 Contingencies**

As at 31 December 2022, 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 2022, the Directors do not believe there to be any single controlling party.

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**19 Related party transactions**

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

	<b>Balance as at 1 January 2022</b>	<b>Charge for the year</b>	<b>Settled in shares</b>	<b>Settled in cash</b>	<b>Balance as at 31 December 2022</b>
	£	£	£	£	£
Richard O'Dell Poulден	16,666	200,000	-	(83,333)	133,333
Patrick L Young	30,000	360,000	-	(270,000)	120,000
Alan David Gravett	2,083	25,000	-	(18,750)	8,333
<b>Total</b>	<b>48,749</b>	<b>585,000</b>	<b>-</b>	<b>(372,083)</b>	<b>261,666</b>

Consultancy fees paid to Richard Poulден 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 £84,779 (2021: £38,641).

On 6 December 2022, the Company established Valereum Collections Ltd as part of its digital collectible strategy. The cost of the investment is negligible and has not been recognised. As at 31 December 2022, there is an outstanding balance due to Valereum Collections Ltd amounting £65,501 for funds the Company received on behalf of the subsidiary.

**20 Subsequent events**

On 17 January 2023, the Company issued 1,849,225 new ordinary shares of 0.1 pence each at a price of 8.8448 pence per share which totals to £163,560 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 21 February 2023, the Company issued 2,197,844 new ordinary shares of 0.1 pence each at a price of 7.5847 pence per share which totals to £166,660 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 27 March 2023, the Company issued 2,836,002 new ordinary shares of 0.1 pence each at a price of 5.7687 pence per share which totals to £163,600 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 31 March 2023, the Company's subsidiary Valereum Collections Ltd issued a total of 11,280 new ordinary shares of 0.0001 pence at a price of £6.25 per share. This raises £70,500 and Valereum now owns 99.8% of Valereum Collections Ltd.

On 21 April 2023, the Company has sold its Bitcoin Mining assets to Vinanz Ltd ("Vinanz") for a total consideration of 27,325,171 shares in Vinanz. Vinanz has listed on London's AQUIS Stock Exchange and these shares will have an asset value to Valereum of around £800,000 (valued at Vinanz's listing price of 3p per shares).

On 24 April 2023, the Company issued 3,425,425 new ordinary shares of 0.1 pence each at a price of 4.7112 pence per share which totals to £161,380 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 17 May 2023, the Company issued 3,690,575 new ordinary shares of 0.1 pence each at a price of 4.3289 pence per share which totals to £159,760 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12.

On 25 May 2023, the Company has signed an option agreement to purchase Sparta Ltd, a licensed company service provider in Gibraltar which specialises in company formation and management.

On 21 June 2023, the Company issued 3,421,349 new ordinary shares of 0.1 pence each at a price of 4.5602 pence per share which totals to £156,020 (US\$200,000) following the conversion notice received by the Company under the terms of the funding facility as discussed in note 12 to the financial statements.

**21 Availability of accounts**

The full report and accounts are being posted on the Company's website, [www.valereum.gi](http://www.valereum.gi).