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Valereum PLC
30 September 2024

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR")

30/09/2024

Valereum Plc

("Valereum", the "Company" or the "Group")

Interim results for the six months ended 30 June 2024

Significant progress in developing products and services for launch in H2 2024

Valereum PLC(AQSE: VLRM), a company focused on unlocking capital and creating value in tokenised digital markets, is pleased to announce its unaudited results for the six months ended 30 June 2024.

Financial highlights:

	HY24 (£'000)	**HY23 (£'000)**
EBITDA	873	(70)
Profit/(loss) before tax	322	(243)
Total assets	5,198	1,759
Net increase/(decrease) in cash	116	(87)
Net cash/(debt)	47	(384)

Significant improvement in EBITDA to £873k in H1 24 compared to a loss of £70k in H1 23).

During H1 24, the Company raised interim funding of £300k from the Chairman and entered into an agreement with him to raise an additional £2m.

Post-period end, Valereum concluded the £2m fund raise from the Chairman in July 2024 and repaid the remaining outstanding debt of £0.1m, clearing all debt from the balance sheet during July 24.

Operational highlights:

During H1 24, the Company acquired the GSX Group, securing significant technological intellectual property, a highly respected management team with expertise in financial markets including exchange management, and deep relationships across the fintech sector.

After a comprehensive selection process, Valereum began entering into contractual collaborations with technology providers including Securities Trading Technology (Mauritius) Ltd ("STT"), Tokeny,

and Fireblocks.

Post-period end:

- The Company announced it had been awarded a DASP (digital asset service provider) licence from the regulator in El Salvador to operate a Real World Asset (RWA) ecosystem within a global market which is expected to grow rapidly in the coming years subject to any applicable digital asset and/or investment rules and requirements.
- Valereum has recently launched VLRM Capital Management VSA Private Fund Limited ("VCM"), an Alternative Investment Fund aiming to maximise returns on investors' capital using technical trading strategies to significantly grow AUM. The Valereum Chairman has invested £1,000,000 into the Fund.

Outlook

Through the acquisition of the technological intellectual property of the GSX Group, the raising of funding for working capital, the elimination of all debt, the forging of partnerships with technology providers, the development of technology, the receipt of the DASP licence, and the recent launch of VCM, Valereum has laid strong foundations to support the generation of revenues from Q4 24 and their future scaling in FY25 and beyond.

Nick Cowan, CEO added:

"I am pleased with the progress made by Valereum in the first half of 2024, as we continued to deliver against our strategy at pace, across all of our verticals, in line with previous communications throughout the year.

There is real momentum across the business and I am excited about the future as Valereum remains well-placed to pursue the opportunities that lie ahead. Our focus is on scaling the launched products and services during H2 2024 and into 2025."

Further updates to follow.

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The Directors of the Company accept responsibility for the contents of this announcement.

For more information, please visit the Company's website at www.vlrm.com

Operational Review

In January 2024, the Company acquired the entire share capital of the GSX Group, through which it secured considerable intellectual property including technology, partnerships with sector-leading technology providers, prospective long-term users of its solutions and a team which have decades of collective experience within tier-one institutions, specialising in stock exchanges, capital markets and associated

technologies, becoming early adopters of the power of blockchain technology in the application of securities markets.

The rich pool of resources acquired enabled Valereum to establish a wider vision and accelerate the roll-out of a blockchain-powered technology platform and marketplaces.

VLRM Technology

Development of Valereum's core technology infrastructure, "The Bridge" Digital FMI (DFMI) platform, has accelerated since entering into a strategic partnership forged with STT during H1 24. The platform, incorporating innovative blockchain technologies, is intended to redefine the current legacy trading model, by providing a rapid and efficient turn-key full-stack technology solution for digital securities & digital assets, from primary issuance to secondary trading, including clearing & settlement finality.

The blockchain technology underpinning Valereum's solutions is increasingly being embraced by governments and large financial institutions such as JPMorgan and Mastercard and there is significant market potential in both RWA (BCG predicts the RWA market size to be between $16 and $64 trillion by 2030), and traditional public markets, currently capitalised at over $100 trillion*. VLRM plans to exploit these opportunities through licensing its technology as a trusted DFMI to exchanges and marketplaces. ***https://www.world-exchanges.org/our-work/statistics**

VLRM Markets

Following a comprehensive research and selection process during H1 24, VLRM has partnered with the technology providers Tokeny, Fireblocks and Antier to enable the launch of the following services during Q4 24:

- The V-Wallet, a non-custodial solution for mobile devices which will enable users to access digital assets via links straight to VLRM marketplaces and venues to buy, sell, hold and manage multiple digital assets.

- The VLRM RWA marketplace which will enable the primary issuance and bulletin board-based secondary trading of a diverse range of tokenised real world assets including securities, bonds and funds, real estate, artwork and collectibles, commodities, intellectual property, image rights and royalties.

These services are designed to enable asset owners and investors to unlock and generate value by providing efficiency, transparency, and diversification, and creating wider financial inclusion. The global RWA market is expected to grow rapidly in the coming years and is seen by industry commentators as one of the largest market opportunities in the blockchain sector.

Post period end, VLRM has been awarded a DASP (digital asset service provider) licence from the Comisión Nacional De Activos Digitales (CNAD) in El Salvador, strategically selected due to its growing economy and innovative approach to digital business and international trade. The licence permits VLRM Markets to operate a regulated RWA ecosystem spanning the creation, primary issuance and secondary trading of digital assets; the buying, holding, selling and transfer of digital assets including stablecoins, cryptocurrency and utility tokens; and for professional clients, the trading, brokerage, OTC and custody of real world assets, cryptocurrency, stablecoins and/or utility tokens.

VLRM Capital

Valereum has recently launched VLRM Capital Management VSA Private Fund Limited ("VCM"), an Alternative Investment Fund aiming to maximise returns on investors' capital using Volume Spread Analysis ("VSA") technical trading strategies to significantly grow AUM. The Fund will trade highly liquid assets only, from both the long side and short side, aiming to generate returns regardless of market conditions.

Valereum Chairman, James Formolli, has invested £1,000,000, into the Fund.

Financial review

- Significant improvement in EBITDA to £873k in H1 24 compared to a loss of £70k in H1 23) due to:

- Gains of £1.2m (H1 23: £0.5m) from the Company's investment in Vinanz Ltd, listed on London's AQUIS stock exchange, valued at £3.5m based on the listed price as at 30 June 2024)
- Negotiated reductions in trade creditors of £266k in H1 24.
- Reduction in underlying operating costs in H1 24 to £474k from £750k in H1 23.

Profit before tax of £322k after reflecting a goodwill impairment of £405k (H1 23: nil) which arose on the acquisition of the GSX Group.

Total assets increased to £5,198k (2023: £1,759k), primarily due to the increase in value of the holding in Vinanz Ltd.

Net cash inflows during H1 24 amounted to £116k compared to an outflow of £87k in H1 23, as the Company raised interim funding of £300k from the Chairman.

The remaining outstanding convertible loans of £118k were extinguished during April 2024.

Post-period end, Valereum concluded the £2m fund raise from the Chairman in July 2024 and repaid the remaining outstanding debt of £0.1m clearing all debt from the balance sheet during July 2024.

Summary and Outlook

We are pleased with the significant progress achieved in H1 24.

Through the acquisition of the technological intellectual property of the GSX Group, the raising of funding for working capital, the elimination of all debt, the forging of partnerships with technology providers, the development of technology, the receipt of the DASP licence in El Salvador and the recent launch of VCM, Valereum has laid strong foundations to support the generation of revenues from Q4 24 and their future scaling in FY25 and beyond.

Valereum Plc

Consolidated Interim Statement of Total Comprehensive Income

for the period ended 30 June 2024

	Notes	Unaudited Six Months ended 30 June 2024	Unaudited Restated (note 6) Six Months ended 30 June 2023	Audited Year ended 31 December 2023
		£	£	£
Impairment of goodwill	3	(405,083)	-	-
Administrative expenses		(474,402)	(750,675)	(2,637,934)
Operating loss		**(879,485)**	**(750,675)**	**(2,637,934)**
Gain on revaluation of financial asset		1,195,476	491,852	2,049,388
Interest income		2,004	13,281	19,432
Interest expense		(22,816)	-	(581)
Foreign exchange gain		(753)	1,766	1,313
Other income		28,363	-	215,087
Profit/(Loss) before taxation		**322,789**	**(243,776)**	**(353,295)**
Tax on loss		-	-	-

Profit/(Loss) for the financial year	**322,789**	**(243,776)**	**(353,295)**
Other comprehensive income (loss)			
Items that may not be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on crypto assets	75,341	161,770	58,677
Other comprehensive income (loss) for the year	75,341	161,770	58,677
Total comprehensive income/ (loss) for the year	**398,130**	**(82,006)**	**(294,618)**
Total comprehensive loss for the year attributable to:			
Equity holders of the parent	398,130	(82,006)	(294,618)
Non-controlling interests	**-**	**-**	**-**
Total comprehensive income /(loss) for the year	**398,130**	**(82,006)**	**(294,618)**
		Restated	
Basic earnings (loss) per share (pence)	**0.0029**	**(0.0028)**	**(0.0039)**
Diluted earnings (loss) per share (pence)	**0.0029**	**(0.0028)**	**(0.0039)**

Valereum Plc

Consolidated Interim Statement of Financial Position

At 30 June 2024

	Notes	Unaudited 30 June 2024 £	Unaudited Restated (note 6) 30 June 2023 £	Audited 31 December 2023 £
Current assets				
Loans and other receivables		177,861	238,633	81,224
Cash and cash equivalents		147,487	5,718	31,932
		325,348	**244,351**	**113,136**
Non-current assets				
Investments		3,618,115	1,515,103	2,322,639
Property, plant and equipment		2,643	**-**	**-**
Right of use assets		752,162	**-**	-
Intangible assets		500,000		
Goodwill	3	**-**	**-**	**-**
		4,872,920	**1,515,103**	**2,322,639**
Total assets		**5,198,269**	**1,759,454**	**113,136**
Current liabilities				
Other payables including taxation and social security		2,470,259	1,002,120	1,787,436
Lease liability		80,000	-	-
Loan from noteholders		-	289,429	117,669

Other loans	100,000	100,000	100,000
Provisions	40,000	-	-
Due to related undertakings	-	40,000	40,000
Accruals and deferred income	130,940	34,316	39,994
	2,821,200	**1,465,865**	**2,085,099**
Non-current liabilities			
Lease liability	**1,041,318**	**-**	**-**
Total liabilities	**3,862,518**	**1,465,865**	**2,085,099**
Net assets	**1,335,751**	**293,589**	**1,971,963**
Equity			
Share capital	4,161,157	4,148,640	4,148,640
Share premium account	24,528,214	23,842,357	23,842,357
Translation reserve	257,478	257,478	257,478
Warrant reserve	20,000	-	-
Share-based payments reserve	542,671	488,500	649,300
Accumulated losses	(28,173,769)	(28,443,386)	(28,617,579)
Non-controlling interest	-	-	70,500
Total equity	**1,335,751**	**293,589**	**350,696**
Total equity and liabilities	**6,534,020**	**2,053,043**	**463,832**

Valereum Plc

Consolidated Interim Statement of Cash Flows

for the period ended 30 June 2024

	Notes	Unaudited Six Months ended 30 June 2024 £	Unaudited Restated (note 6) Six Months ended 30 June 2023 £	Audited Year ended 31 December 2023 £
Cash flows from operating activities				
(Loss) for the year		322,789	(243,776)	(294,638)
Reconciliation to cash generated from operations:				
Realised gain on crypto assets		**-**	**-**	(58,677)
Revaluation gain on equity investments		(1,195,476)	(491,852)	(2,049,388)
Equity settled share-based payments expense		746	111,000	361,800
Gain on disposal of fixed assets		**-**	**-**	(103,093)
Lease interest		16,816		
Impairment of goodwill	3	405,083	**-**	**-**
Impairment of investments		**-**	**-**	750,000
Depreciation (including right of use asset depreciation)		47,049	11,808	11,808

Decrease in receivables	97,774	35,719	141,569
Increase /(Decrease) in payables	66,017	(480,689)	(1,457)
Net cash flow from operating activities	**(239,202)**	**(1,057,790)**	**(1,242,076)**
Cash flows from investing activities			
Purchase of computer equipment	(2,643)	**-**	**-**
Cash acquired with subsidiary	215,070	-	-
Net cash flow from investing activities	**212,427**	**-**	**-**
Cash flows from financing activities			
Loan proceeds	-	-	140,000
Repayment of loans	(157,669)	-	-
Issue of shares	300,000	970,980	1,041,480
Net cash flow from financing activities	**142,331**	**970,980**	**1,181,480**
Net increase/(decrease) in cash	**115,556**	**(86,810)**	**(60,596)**
Cash at bank and in hand at the start of the period/ year	31,932	92,528	92,528
Cash at bank and in hand at the end of the period/ year	**147,488**	**5,718**	**31,932**

Valereum Plc

Notes to the Consolidated Interim Financial Statements

1. Basis of preparation

Valereum Plc (herein "the Company" or "the Group") presents its consolidated interim financial statements for the period ended 30 June 2024.

These interim consolidated financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards as adopted for use in the United Kingdom using the accounting policies that are expected to be applicable in the preparation of the Group Annual Report for the year ended 31 December 2024.

The accounting policies applied are consistent with those disclosed in the Group Annual Report for the year ended 31 December 2023 and in accordance with the additional accounting policies as stated below.

"Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to profit or loss. "

Right of use assets are measured at the amount of the lease liability plus incremental direct costs incurred and lease payments made before the commencement of the lease.

Lease liabilities in respect of property leases are measure at the present value of future lease payments discounted at the Company's incremental borrowing rate. Interest is charged to profit or loss at an even rate on the carrying amount of the lease liability.

The interim consolidated financial statements have not been subject to a review by the Company's independent auditor.

These interim consolidated financial statements are not the statutory accounts of the Company. The statutory accounts of the Company were approved and were authorised for issue by the directors on 28 June 2024 and were filed with the Registrar. The independent auditor's report on those financial statements was unqualified but drew reference to a material uncertainty in relation to the going concern status of the Company.

2. Earnings per share

	Unaudited Six Months ended 30 June 2024 £	Unaudited Six Months ended 30 June 2023 £	Audited Year ended 31 December 2023 £
Profit or loss for the year attributable to the shareholders of the Parent Company	**322,789**	**(243,776)**	**(353,295)**
Weighted average number of ordinary shares in issue at end of period/ year	**110,916,412**	**86,484,387**	**91,510,253**
Basic earnings(loss) per share	**0.0029**	**(0.0028)**	**(0.0039)**
Diluted earnings(loss) per share	**0.0029**	**(0.0028)**	**(0.0039)**

At 30 June 2024 the number of warrants outstanding over ordinary shares of £0.001 each was 78,357,692. There was no dilutive effect of those outstanding warrants.

3. Business combinations

On 30 January 2024 the Company acquired the entire share capital of the GSX Group Limited for a consideration of 5,000,000 Ordinary Shares of £1 each. The Company's share price at the date of acquisition was £0.055 per share.

Below summarises the provisional fair value assets and liabilities acquired. The directors expect to have completed the fair value exercise within twelve months of the date of acquisition.

	Provisional £
Unlisted investments	100,000
Development intangible assets	500,000
Right of use assets	709,212
Cash at Bank	215,070
Other receivables and prepayments	196,374
Other payables	(707,753)
Provisions	(40,000)

Lease liabilities	(1,102,986)
Net liabilities acquired	**(130,083)**
Consideration comprising 5,000,000 Ordinary shares of £0.001 each at a value of £0.055 per share	**275,000**
Goodwill	**405,083**

Following the acquisition, it was deemed that the goodwill arising was not recoverable and was fully impaired.

Immediately prior to acquisition, the Company issued warrants over 10,000,000 Ordinary Shares of £0.001 each at an exercise price of £0.01 each in lieu of amounts owed to certain directors and a related party following the waiver of loans made by them to GSX Group Limited prior to the acquisition.

4. Share capital

	Unaudited 30 June 2024	**Unaudited 30 June 2023**	**Audited 31 December 2023**
Authorised	**£**	**£**	**£**
6,000,000,000 Ordinary Shares of £0.001 each	**6,000,000**	**6,000,000**	**6,000,000**
Issued			
Number of shares issued at beginning of period/ year	101,644,718	79,224,628	79,224,628
Number of shares issued during period/ year	12,517,857	22,420,090	22,420,090
Number of shares in issue at end of period/ year	**114,162,575**	**101,644,718**	**101,644,718**

Shares were issued during the period as follows:	**Number of shares**
Issued on the acquisition of GSX Group Limited (see note 4)	5,000,000
Issue of shares on 4 January 2024 to acquire non-controlling shares of Valereum Collections Limited at 0.049p per share	2,517,857
Issue of shares to James Formolli on 28 March 2024 at 6p per share	5,000,000
	12,517,857

5. Events after the end of the reporting period

On 31 May 2024 the Company announced the issue of 9,000,000 share options over ordinary shares of £0.001 each in the Company to the non-Board employees and the issue of 32,807,692 share options and otherwise warrants over ordinary shares of £0.001 each in the Company to the Executive and Non-Executive Directors.

Since the end of the period the Company concluded the raising of £2 million from its Chairman, James Formolli, through the issuance of 55,411,752 new ordinary shares of £0.001

each at £0.036 per share and the issuance of 15,000,000 GATE Tokens, being VLRM's utility token.

Since the end of the period options and warrants have been exercised over a total of 6,757,692 ordinary shares of £0.001 each for total proceeds of £9,458.

The above shares were admitted to trading on 10 July 2024.

6. Restatement of interim results for the period ended 30 June 2023

The interim results for the period ended 30 June 2023 were restated as follows:

	£
Loss as previously stated	**(624,628)**
Share based payment expense (previously not reported)	(111,000)
Revaluation of investments (previously not reported)	491,852
Loss as restated	**(243,776)**
Total comprehensive loss as previously stated	**(462,858)**
Share based payment expense (previously not reported)	(111,000)
Revaluation of investments (previously not reported)	491,852
Total comprehensive loss as restated	**(82,006)**
Net liabilities as previously stated	**(198,263)**
Revaluation of investments (previously not reported)	491,852
Net assets and equity as restated	**293,589**

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