

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014, as retained as part of the law of England and Wales. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Press Release

1 April 2022

AQRU PLC

("AQRU" or "the Company")

Annual results

AQRU plc (AQSE: AQRU), an incubator specialising in decentralised finance ("DeFi") and formerly called Dispersion Holdings plc, announces its audited results for the 12 months ended 31 October 2021.

Highlights:

- Admitted to London's Aquis Stock Exchange Growth Market ("AQSE") and raised approximately £9m before expenses via a placing and subscription at 3p per share on 30 April 2021 and £2m pre-IPO
- Achieved a maiden profit before tax of £0.31m (2020: £nil), reflecting gains on investments net of administrative expenses
- Fully diluted earnings per share amounted to 0.08p fully diluted (2020: nil)
- Net assets amounted to £12.22m as at 31 October including cash and cash equivalent balances of £10.38m (2020: £nil)
- Seven investments made for a total £2m in cash and shares in a broad range of FinTech companies across multiple jurisdictions
- Acquired Accru Finance Ltd. ("Accru Finance"), a company that provides a consumer-facing platform that enables crypto trading and yield-farming, for a total consideration of £8.75m in cash and shares
- Acquired DeFi Yield Technologies Inc. ("DeFi Yield"), a next-generation platform for DeFi investment applications and products aimed at institutional investors
- Strengthened executive board with the appointment of Philip Blows and Digby Try, co-founders of Accru Finance, as Directors and Mr. Blows as chief executive

Post-period highlights:

- On 1 December 2021, its subsidiary, Accru Finance, launched "AQRU.io", an online retail platform for cryptocurrency assets
- Filed an application to list on Canada's NEO Exchange on 22 December 2021

- On 12 January 2022, Mike Edwards moved from executive to non-executive chairman

Outlook:

- The AQRU.io online retail trading platform is experiencing strong growth since its launch on 1 December
- Excellent progress is being made to execute AQRU’s investment strategy
- A cash-rich balance sheet and experienced management team puts the Company in a strong position to take advantage of the recent correction in the blockchain and digital assets sectors by investing at attractive valuations

Commenting on the results, Philip Blows, Chief Executive of AQRU said: “AQRU has established a strong platform for long-term growth and value creation by investing in innovative companies developing new DeFi solutions for investors worldwide.

“Our online platform for cryptocurrency investors looking to generate high yields has got off to a flying start and is growing strongly. We look to the future with great confidence as demand for our platform increases and we continue working with regulators to ensure our products are available to investors across the world in a regulatory compliant way.”

The Directors of AQRU plc accept responsibility for this announcement.

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About AQRU plc:

AQRU is an incubator specialising in opportunities in decentralised finance (DeFi), a disruptive technology using blockchain and cryptocurrencies to remove financial intermediaries from transactions, creating a cheaper, more efficient and more secure way of providing financial services. Listed on the Aquis Exchange in London, we apply our expertise to the business operations and strategic plans of FinTech companies in the UK, USA and Canada, and act as an accelerator for start-ups and early-stage companies. www.aqrui.io

Chairman's statement

Introduction

I am delighted to report the Company's first full year results since its admission to the Aquis Stock Exchange Growth Market (AQSE) on 30 April 2021.

Approximately £9m before expenses was raised at the time of IPO, which together with about £2m raised in an earlier pre-IPO round, gave the Company total proceeds of approximately £11.2m before expenses to implement its investment strategy.

Despite volatile conditions in the cryptocurrency and digital assets markets, the Company moved quickly to make two acquisitions and to invest in seven exciting and potentially disruptive businesses. The acquisitions included Accru Finance and DeFi Yield, both of which became fully owned subsidiaries of the Company in October 2021, thereby enabling the Company to consolidate and benefit from their expected growth in the coming years.

AQRU made a £0.31m pre and post-tax profit in its maiden year of operations (2020: £nil). There was no revenue during the period as AQRU was in start-up phase. The results partly reflect investment gains less administrative expenses of £1.1m.

Cash and cash equivalents as at 31 October 2021 amounted to £10.38m (2020: £nil) even as AQRU pursued an active investment programme. The strong cash balance sheet reflects our policy to restrict investments made in cash and fund two major acquisitions through issuance of shares. As a result, AQRU has considerable financial liquidity and flexibility to support the long-term growth of its current investee companies as well as to consider new opportunities at favourable valuations.

The DeFi revolution is still at an early stage of development and growth and is set to spawn many new financial products and applications. With a strong balance sheet and highly experienced management team, AQRU is well positioned to take advantage of the new opportunities ahead and create value for shareholders.

Our two operating subsidiaries, namely Accru Finance and DeFi Yield, are now entering an exciting stage in their development. The former launched its online retail trading platform on 1 December 2021 under the AQRU brand in multiple overseas jurisdictions. The platform provides investors with a simple way to convert fiat currencies into cryptocurrencies and earn high yields by lending cryptocurrencies through AQRU.io's secure and fully insured peer-to-peer technology.

We are delighted with the progress made by this business having seen it sign up over 10,000 customers in its first few months of operation, and it is currently registering over two hundred new users every day. This traction has led to £16.5 million being placed on the platform by both retail and institutional customers.

We are also delighted with the progress made by AQRU's Yield-as-a-Service offering that allows existing fintech firms and crypto exchanges to plug directly into AQRU's yield offering via a simple API. AQRU's new international sales team is promoting this service and building a significant pipeline of opportunities.

DeFi Yield is in the advanced stages of building the next generation of its own platform providing decentralised yield solutions for the crypto institutional market, with expected launch in Q2 2022. These investments, together with the progress being made by the remainder of our portfolio companies, provide the Board with confidence about our prospects.

On behalf of the Board, I would like to thank all our shareholders and staff for their support and hard work during the year and look to the future with great optimism.

Mike Edwards, Non-Executive Chairman

A rapidly growing market

DeFi is a disruptive technology that uses the blockchain and cryptocurrencies to remove financial intermediaries from transactions, creating a quicker, cheaper, more efficient, and more secure way of providing financial services. Most DeFi applications are built on top of Ethereum, the world's second-largest cryptocurrency platform.

Decentralised applications utilise smart contracts, digital programmes which autonomously facilitate contracts and transactions, which are used within the Ethereum network to safeguard from tampering and hacking. The Ethereum network executes the smart contract's code on the blockchain, ensuring tamper proof, verifiable transactions.

Blockchain organises this data into blocks which are then chained together in an append-only mode. This is the building block of "internet value" and facilitates recording of interactions and transfer of the record of ownership peer-to-peer, without requiring a centrally coordinating entity.

DeFi applications include:

- decentralised exchanges, otherwise known as DEXs, on which users can exchange fiat currencies for cryptocurrencies without involving an intermediary;
- lending platforms which use smart contracts to replace the bank; and
- prediction markets where bets can be laid on the outcome of future events but without an intermediary bookkeeper.

It is estimated that the total value locked, the overall value of assets deposited in transactions, on the Ethereum blockchain alone has grown from US\$12.6bn in November 2020 to US\$96.2bn in November 2021. (Source: Statista, *TVL (total value locked) in decentralized finance (DeFi) on the Ethereum blockchain from August 2017 to January 12, 2022 (in million U.S. dollars)*).

Operational review

The Company's strategy is to identify investment opportunities in the FinTech sector within the UK, US, and Canada. The Company plans to add value by applying capital and expertise to the business operations and strategic plans of investee companies. The experience and operational skills of the Board are intended to act as an accelerator to start-ups and early-stage companies that have technological know-how but lack the skills, contacts, and capital to maximise their profit opportunity.

During the year, the Company made seven investments including four initially made prior to admission to the Aquis Exchange in London, being NFT Investments plc, a UK investment company specialising in non-fungible tokens; ePIC Blockchain Technologies, Inc., a Toronto based leader in crypto mining infrastructure and supplier of ASIC mining machines; Defy1 SAS, a company specialising in decentralised technology development and creating industry-specific social token ecosystems; and Sporting Icon Ltd, a sports-focused NFT platform.

Following the IPO, the Company made further investments:

- An investment of £130,149 into Big Head Club Ltd., a studio that creates non-fungible tokens ("NFTs").
- An investment of £216,413 was made into SportsX SAS ("SportsX"), a technology and services platform for amateur sports clubs around the world, for a 25% interest in the business. The Company subsequently exchanged its holding in SportsX for shares in ChallengerX plc, which is listed on AQSE. The stake is valued at £1,187,500, based on last night's closing price of 1.9p.
- Investments totalling £522,020 were made into Blimp Technologies Inc., known as Blimp Homes, a first-of-its-kind, decentralised real estate collaboration and search platform.

In October 2021, the Company also announced the acquisitions of Accru Finance and DeFi Yield. We are already seeing significant growth in the AQRU.io retail trading app.

Outlook

The Company considers that there is a sizable, and rapidly growing, potential market for the DeFi industry, with applications that include decentralised currency exchanges, lending platforms which use smart contracts to replace banks, and prediction markets which remove bookkeepers.

We firmly believe that the growth in DeFi will continue as evidenced by the increased presence of large institutional investors in the space. We are in an excellent position to take advantage of this move:

- Our retail trading app AQRU.io targets the mass affluent crypto amateur. It makes it simple for everyday investors to access some of the most promising investment opportunities available in DeFi. We are already seeing significant demand for the AQRU.io platform, with £16.5 million in assets already deposited in a few short months and over two hundred users currently signing up on average each day. Further to the announcement of 25 March 2022, we are integrating Maple Finance's institutional lending platform in the DeFi sector, other yield-generating services and also have more projects that will potentially be coming in the future.
- DeFi Yield targets existing crypto holders giving them a simple platform to connect existing wallets to earn yield instantly. The existing platform has over £7 million equivalent assets staked. We plan to launch the next generation of this service in Q2.

- Yield-as-a-Service is targeted at crypto exchanges and fintech firms with large customer bases who are looking for a simple solution to offer yield on digital assets to their customers. This service is live, and we are building a significant pipeline of customers.

With a strong balance sheet and experienced management team, the Company is well positioned to take advantage of the recent correction in the blockchain and digital assets sectors by investing at attractive valuations. As a result, the Board looks forward to the future with great confidence.

Phil Blows

Chief Executive

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 October 2021

	Year ended 31.10.21	Period 31.10.19 to 31.10.20
	£	£
Revenue		
Gain on bargain purchase	912,192	-
Administrative expenses	(1,164,758)	-
Operating loss	(252,566)	-
Fair value gains on investments	564,000	-
Finance income	273	-
Profit before tax	311,707	-
Tax	-	-
Profit after taxation	311,707	-
<u>Other comprehensive income:</u>		
Items that may be reclassified subsequently to profit or loss:		
Gains on crypto currencies held	30,967	-
Other comprehensive income for the year	30,967	-
Total comprehensive income for the year	342,674	-
Basic earnings per share	0.09	-
Diluted earnings per share	0.08	-

The notes contained in the Group's Annual Report form part of these financial statements.

Consolidated Statement of Financial Position
For the year ended 31 October 2021

	31.10.21	31.10.20
	£	£
Assets		
Non-Current assets		
Intangible assets	117,163	-
Property, plant and equipment	9,212	-
Investments	2,005,565	-
	2,131,940	-
Current assets		

Trade and other receivables	336,197	1
Cash	4,618,394	-
Cash and cash equivalents	5,425,668	-
	10,380,259	1
Total assets	12,512,199	1
Equity and liabilities		
Current liabilities		
Trade and other payables	288,094	-
Net current liabilities	288,094	-
Equity		
Share capital	1,211,226	1
Share premium	9,816,612	-
Share based payment reserve	853,593	-
Fair value reserve – crypto currencies	30,967	-
Profit and loss account	311,707	-
Total equity	12,224,105	1
Total equity and liabilities	12,512,199	1

The notes contained in the Group's Annual Report form part of these financial statements.

The financial statements were approved by the Board of Directors on 31 March 2022 and were signed on its behalf by:

Nicholas Lyth
Director

The financial information set out in this announcement does not constitute statutory accounts. This financial information has been extracted from the audited full accounts of the Group for the year ended 31 October 2021. The financial statements are prepared in accordance with Financial Reporting Standard 102. A copy of the Company's financial statements for the year ended 31 October 2021 will be posted to shareholders and will be delivered to the Registrar of Companies.

The Group does not declare a dividend for the period.

The full Annual Report of the Group will be available on the Company's website: www.aqru.io.

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