

Quantum Blockchain Technologies PLC
INTERIM RESULTS
For the 6 Months Ended 30 June 2021

Chairman's Statement

Overview

The early months of 2021 marked a distinct change of direction for our company, reflected in a change of name from Clear Leisure to Quantum Blockchain Technologies Plc (QBT) and more practically, a new foundation on which the Company's future will be built.

In February 2021, the Company raised £680,000 and £1,000,000 (both amounts before expenses) via two equity placings, respectively at 0.6p and 1p per new ordinary share of 0.25 pence each in the Company ("Ordinary Shares"). These new funds facilitated the launch of the new Investment Strategy focused on the development of an innovative and disruptive technology for Blockchain, Cryptocurrency and Quantum Computing.

The new strategy was approved by shareholders on 6 May 2021, at a General Meeting where the Company received approval for the following:

- To amend the Company's Investing Policy with a focus on Blockchain, Cryptocurrency, Quantum Computing and Artificial Intelligence.
- To change the Company's name from Clear Leisure Plc to Quantum Blockchain Technologies plc.
- To authorise the granting of options to the CEO and current and future management team of the Company.
- To grant authorities to the directors to issue shares in the Company.

In June 2021, the Company formally announced the launch and current progress status of its new **in-house Research & Development ("R&D") programme** in respect of advanced proprietary techniques for Bitcoin mining. The Company further announced the appointment of a UK based, international cryptography expert, whose specialism is cryptocurrency mining blockchain optimisations. As part of the appointment, the consultant was awarded share options over 10,000,000 new Ordinary Shares at an exercise price of 5p each, which can be exercised between 15 February 2022 and 15 August 2022.

The aim of the R&D programme is to develop Bitcoin mining tools and techniques which will significantly outperform existing mining equipment, both in speed and energy consumption. While the Board is aware this is an ambitious project, given the radically advanced technologies and methodologies being used, it believes that the goal is achievable.

Legacy Assets

In May 2021, the Company reported in respect of the **Sipiem S.p.A.** ("Sipiem") legal claim, that the Court of Venice appointed independent expert had filed his report on the economic merit of the damages suffered by Sipiem and valued up to an amount of €7.8 million, subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful. However, at the hearing, the Company was informed that as one of the defendants had sadly passed away, it was required to take a few additional mandatory procedural steps, and this inevitably delayed the proceedings. The Court of Venice has re-scheduled the hearing for 10 November 2021 at which time the Judge will receive the parties' comments on the report of the independent expert.

At the beginning of the year, the Company was notified that the Bologna Court elected to continue the €1.03 million legal claim against the previous management of **Sosushi Srl**, through an arbitration process (formally started on 18 January 2021), which will provide a legally binding decision on the matter.

On 20 January 2021, the Company (at the conclusion of the mandatory public bidding process), was assigned a legal claim against the former management of **Mediapolis S.A.** and its internal audit committee, for a consideration of €50,000, which will be deducted from the amount still receivable from the Mediapolis Bankruptcy procedure.

As announced in June, the Company increased its stake in **Forcrowd Srl** (“ForCrowd”) from 20% to 41.17% for a consideration of €34,000; having taken advantage of a special situation that had arisen amongst previous minority shareholders. ForCrowd also launched a new crowdfunding campaign in 2021 that has already received pre-launch investment commitments, enhancing the probability of a successful conclusion.

PBV Monitor srl (“PBV”), is focusing on the efficient marketing of its data intelligence service to law firms and in-house legal counsels, whilst consolidating its editorial partnerships in Italy (to print and sell sectorial printed directories) and establish new relationships, especially in the USA. PBV also expects that, in the light of the general improvement of the Covid-19 pandemic in Europe, it will re-launch its industry award events for the legal sector later in 2021. The next step in the roadmap for PBV is the soft launch of its new legal networking platform.

Geosim Systems Ltd (“Geosim”) is also moving forward, and it is currently completing the first Phase in the development of a 3D Reality Model for a major North American airport

Financial Review

The Group reported a total comprehensive loss for the period to 30 June 2021 of €1.1 million (30 June 2020: loss €363,000). The operating loss for the period was €714,000 (30 June 2020: operating loss €228,000). At 30 June 2021, the Group improved the net liabilities to €1.4 million, compared to negative €1.9 million at 30 June 2020. The Net Current Assets of the Group also improved during the period under review, to €6.1 million, compared to €2.1 million at 30 June 2020.

Post 30 June 2021 Events

In July, the Company announced the agreement to use the Leap™ quantum cloud service from D-Wave Systems Inc (“D-Wave”); marking an important step forward in the R&D programme.

Subsequently, in August, the Company provided an update on the status and findings of its R&D project as follows:

- Creation of the R&D team, comprising 13 sector experts
- Formation of working groups for:
 - Quantum Computing
 - Cryptographic Optimisation
 - Deep Learning and Artificial Intelligence (“AI”)
 - FPGA / ASIC Design
 - Algebraic and Boolean Equation Reduction

- BTC Large Big Data
- High performance computing architectures

The initial findings of the new R&D work have been very encouraging, with a 9.56% speed improvement already achieved as compared to the standard Bitcoin mining algorithm on the same type of machine. The Company is currently investigating other optimisations for Bitcoin mining, based on its innovative approach (people and technology), which it believes will deliver further and radical speed improvements which the Company is planning to file under an international patent.

In the early stages of the AI Deep-Learning tests to optimise the Bitcoin mining algorithm, QBT's AI system autonomously generated one of the already existing optimisation provided to the Company by its expert. This first result strongly supports the AI Deep Learning strategy adopted by the Company.

The Company has also started to implement the first set of optimisations on FPGA, expecting early completed versions of the FPGA to be ready by the end of October 2021, while the optimisations covered by the above-mentioned patent are due by December 2021. ASIC development work is expected to start in parallel in October 2021.

Based on the performance achieved by the FPGA chip, it may be decided to use it as the Company's first mining engine.

QBT's Quantum Computing team has now started working on the D-wave Quantum computer, programming the quantum processor, whilst the Company completed the design of the new IT infrastructure. This new infrastructure includes a 128 core Machine Learning workstation and an initial one Petabyte memory expandable unit, in order to host the proprietary enriched Bitcoin mining "BTC Large Big Data".

Outlook

The Board remains committed to return value to its stakeholders, over the next 24 months, by:

- Positioning the Company in the Quantum Computing, Blockchain and Cryptocurrency sectors, both via new investment activity and its in-house R&D projects.
- Realisation of its legacy assets, for which positive outcomes are expected from the legal claims being pursued by the Company.
- Further reduction of the debt position (if and when the conditions are deemed appropriate).

The Board maintains a positive outlook with regards to the Company's new investment strategy focused on Quantum Computing, Blockchain and Cryptocurrency in combination with its existing technology investments and remaining legal claims which, the Company believes, are drawing towards a positive conclusion.

Francesco Gardin
Quantum Blockchain Technologies PLC
CEO and Chairman

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Six months to 30 June 2021	Six months to 30 June 2020	Year ended 31 December 2020
		Unaudited	Unaudited	Audited
		€'000	€'000	€'000
Continuing operations				
Revenue		6	32	12
Cost of sales		-	-	-
		6	32	12
Administrative expenses		(720)	(260)	(1,123)
Other operating income		-	-	24
Operating loss		(714)	(228)	(1,087)
Other gains and losses		-	6	-
Finance charges		(392)	(141)	(121)
Loss before tax		(1,106)	(363)	(1,208)
Taxation		-	-	-
Loss for the period attributable to owners of the parent		(1,106)	(363)	(1,208)
Other comprehensive loss:				
Loss on translation of overseas subsidiaries		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,106)	(363)	(1,208)
Earnings per share:				
Basic and diluted loss per share	3	(€0.13)	(€0.001)	(€0.182)

**GROUP STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021**

	Note	As at 30 June 2021 €'000 (Unaudited)	As at 30 June 2020 €'000 (Unaudited) (Restated)	As at 31 December 2020 €'000 (Audited)
Non-current assets				
Investments		1,014	1,114	980
Total non-current assets		1,014	1,114	980
Current assets				
Trade and other receivables		5,315	6,627	5,191
Cash and cash equivalents		1,083	1	-
Total current assets		6,398	6,628	5,191
Current liabilities				
Trade and other payables		(265)	(490)	(334)
Borrowings		-	(3,910)	-
Derivative financial instruments		-	(121)	-
Total current liabilities		(265)	(4,521)	(334)
Net current assets		6,133	2,107	4,857
Total assets less current liabilities		7,147	3,221	5,837
Non-current liabilities				
Borrowings		(8,606)	(5,213)	(8,212)
Total non-current liabilities		(8,606)	(5,213)	(8,212)
Total liabilities		(8,871)	(9,734)	(8,545)
Net liabilities		(1,459)	(1,992)	(2,375)
Equity				
Share capital		8,080	7,397	7,397
Share premium account		48,463	47,124	47,124
Other reserves		8,787	8,376	8,787
Retained losses		(66,789)	(64,889)	(65,683)
Equity attributable to owners of the Company		(1,459)	(1,992)	(2,375)
Total equity		(1,459)	(1,992)	(2,375)

**GROUP AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

Group	Share capital	Share premium account	Other reserves	Retained losses	Total equity
	€'000	€'000	€'000	€'000	€'000
At 1 January 2020	7,397	47,124	8,376	(64,526)	(1,629)
Total comprehensive loss for the year	-	-	-	(1,208)	(1,208)
Lapsed share options	-	-	(51)	51	-
Equity portion of convertible loan notes	-	-	462	-	462
At 31 December 2020	7,397	47,124	8,787	(65,683)	(2,375)

**GROUP UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2020**

Group	Share capital	Share premium account	Other reserves	Retained losses	Total equity
	€'000	€'000	€'000	(restated) €'000	(restated) €'000
At 1 January 2020	7,397	47,124	8,376	(64,526)	(1,629)
Total comprehensive loss for the period	-	-	-	(363)	(363)
At 30 June 2020	7,397	47,124	8,376	(64,889)	(1,992)

**GROUP UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 JUNE 2021**

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total equity €'000
At 1 January 2021	7,397	47,124	8,787	(65,683)	(2,375)
Issue of share capital	683	1,339	-	-	2,022
Total comprehensive loss for the period	-	-	-	(1,106)	(1,106)
At 30 June 2021	8,080	48,463	8,787	(66,789)	(1,459)

GROUP UNAUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months to 30 June 2021	Six months to 30 June 2020	Year ended 31 December 2020
	Unaudited €'000	Unaudited €'000	Audited €'000
Cash used in operations			
Loss before tax	(1,106)	(363)	(1,208)
Fair value changes	248	6	-
Impairment of investments	-	-	89
Other gains	-	-	50
Finance charges	146	141	247
Decrease/(increase) in receivables	(124)	(23)	1,417
(Decrease)/increase in payables	(69)	93	(61)
Decrease in derivatives	-	-	(121)
Net cash (outflow)/inflow from operating activities	(905)	(146)	413
Cash flows from investing activities			
Purchase of investments	(34)	-	(2)
Proceeds from issues of new ordinary shares (net of expenses)	2,022	-	-
Net cash inflow from investing activities	1,988	-	(2)
Cash flows from financing activities			
New borrowings	-	150	150
Repayment from borrowings	-	(3)	(561)
Net cash inflow/(outflow) from financing activities	-	147	(411)
Net increase in cash for the period	1,083	1	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of period	1,083	1	-

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Quantum Blockchain Technologies plc is a company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. The address of the registered office is 22 Great James Street, London, WC1N 3ES.

The principal activity of the Group is that of an investment company pursuing a strategy to create a portfolio of companies.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these consolidated financial statements.

Basis of preparation

The interim financial statements of Quantum Blockchain Technologies Plc are unaudited consolidated financial statements for the six months ended 30 June 2021 which have been prepared in accordance with UK adopted International accounting standards. They include unaudited comparatives for the six months ended 30 June 2020 together with audited comparatives for the year ended 31 December 2020.

The interim financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2020 have been reported on by the company's auditors and have been filed with the Registrar of Companies. The report of the auditors was qualified in respect of the valuation of the investment in Geosim Systems Ltd, and the omission of Mediapolis Investment S.A. from the consolidated accounts. The report of the auditor also contained an emphasis of matter paragraph in respect of a material uncertainty regarding going concern. Aside from the limitation of scope relating to Geosim Systems Ltd and Mediapolis Investment S.A, the auditor's report did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements for the period ended 30 June 2020 have been restated for the adjustment made in respect of Zero Coupon Bonds and Other Convertible Loans, further details of which can be found in the financial statements for the year ended 31 December 2020.

The interim consolidated financial statements for the six months ended 30 June 2021 have been prepared on the basis of accounting policies expected to be adopted for the year ended 31 December 2021, which are consistent with the year ended 31 December 2020 except as stated below:

Going concern

The Group's activities generated a loss of €1,106,000 (June 2020: €363,000) and had net current assets of €6,133,000 as at 30 June 2021. The Group's operational existence is still dependent on the ability to raise further funding either through an equity placing on AIM, or through other external sources, to support the on-going working capital requirements.

After making due enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Group can secure further adequate resources to continue in operational existence for the foreseeable future and that adequate arrangements will be in place to enable the settlement of their financial commitments, as and when they fall due.

For this reason, the Directors continue to adopt the going concern basis in preparing the interim accounts. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependant on the success of their efforts to complete these activities, the Group will be a going concern for the next twelve months. If it is not possible for the Directors to realise their plans, over which there is significant uncertainty, the carrying value of the assets of the Group is likely to be impaired.

In relation to the impact of COVID-19 on the Company, the Company's employees can carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

Notwithstanding the above, the Directors note the material uncertainty in relation to the Group being unable to realise its assets and discharge its liabilities in the normal course of business.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2020 Annual Report and Financial Statements, a copy of which is available on the Company's website:

www.quantumblockchaintechnologies.com. The key financial risks are liquidity and credit risk.

Critical accounting estimates

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 3 of the Company's 2020 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Loss per share

The basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed using the same weighted average number of shares during the period adjusted for the dilutive effect of share warrants and convertible loans outstanding during the period.

The profit and weighted average number of shares used in the calculation are set out below:

	Six months to 30 June 2021	Six months to 30 June 2020	Six months to 31 December 2020
	(Unaudited)	(Unaudited)	(Audited)
	€'000	€'000	€'000
Loss/profit attributable to owners of the parent company:			
Basic earnings	(1,106)	(363)	(1,208)
Diluted earnings	(1,106)	(363)	(1,208)

Basic weighted average number of ordinary shares (000's)	836,537	618,891	662,371
Diluted weighted average number of ordinary shares (000's)	836,537	618,891	662,371
Basic and fully diluted earnings per share:			
Basic earnings per share	(€0.13)	(€0.001)	(€0.182)
Diluted earnings per share	(€0.13)	(€0.001)	(€0.182)

IAS 33 requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease earnings per share or increase net loss per share. For a loss making company with outstanding share options and warrants, net loss per share would only be increased by the exercise of out-of-the money options and warrants, so no adjustment has been made to diluted earnings per share for out-of-the money options and warrants in the comparatives.

4. Investment Policy

The Company intends on identifying and investing in investment opportunities which it believes show excellent growth potential on a stand-alone basis and which would add value to the Company's portfolio of investments through the expertise of the Board or through the provision of ongoing funding.

It is the intention of the Company that the majority of investments will be made in unlisted companies; however, pre-IPO and listed companies may, from time to time, be considered on a selective basis.

The Company believes that the collective experience of the Board together with its extensive network of contacts will assist them in the identification, evaluation, and funding of investment targets. When necessary other external professionals will be engaged to assist in the due diligence of prospective targets. The Board will also consider, as it sees fit, appointing additional directors and/or key employees with relevant experience as part of any specific investment.

The Company may offer shares as well as cash by way of consideration for prospective investments, thereby helping to preserve the Company's cash for working capital. The Company may, in appropriate circumstances, issue debt securities or borrow money to complete an investment.

5. Copies of Interim Accounts

Copies of the interim results are available at the Group's website at www.quantumblockchaintechnologies.co.uk.

Copies may also be obtained from the Group's registered office: Quantum Blockchain Technologies PLC, 22 Great James Street London WC1N 3ES.