

Company Registration No. 03926192

**Quantum Blockchain
Technologies PLC (Formerly
Clear Leisure PLC)**

**Annual Report and Financial
Statements for the year ended
31 December 2020**

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COMPANY INFORMATION

Directors	Reginald Eccles Francesco Gardin
Company Secretary	James Gordon
Company number	03926192 (England and Wales)
Registered office	22 Great James Street London WC1N 3ES
Auditor	MHA Macintyre Hudson Statutory Auditor Chartered Accountants 2 London Wall Place Barbican London EC2Y 5AU
Italian Solicitors	Ferrari Pedefferri Boni Studio Legale Associato Via Fatebenefratelli, 22 20121 Milan Italy
UK Solicitors	Gordons Partnership LLP 22 Great James Street London WC1N 3ES
Nominated Adviser & Broker	SP Angel Corporate Finance LLP Prince Frederick House 35 Maddox Street London W1S 2PP
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CHAIRMAN'S STATEMENT

I am pleased to present the Group's Final Results for the year ended 31 December 2020.

Following the shareholder approval at the General Meeting held by the Company on 6 May 2021, the Company has changed its name from Clear Leisure Plc to Quantum Blockchain Technologies Plc. Although this report is dedicated, in the main, to the 2020 financial year, which is prior to the change of name, the Company will be referred to as Quantum Blockchain Technologies Plc (the "Company" or "QBT").

Operational Review

2020 was an extremely challenging year during which the Company and the Group had to contend with the business consequences of the Covid-19 pandemic.

In this difficult economic environment, the focus of the board was to preserve the stability of the Company, its investee companies, and its litigation related assets, whilst continuing to explore for new potential investments and projects.

Without doubt, the single most important event of 2020 was the successful conclusion, in June, of the Mediapolis bankruptcy process, for which the wholly owned subsidiary, Clear Leisure 2017 ("CL17"), settled with the receiver for €1,663,000, of which €1,480,933, was received during the year. The balance of €182,067 is due at the closure of the bankruptcy process. Additionally, the receiver awarded CL17 a claim against former Mediapolis directors and members of its internal audit committee, previously valued by the receiver at above €20m. The Company has paid €50,000 to enter this claim, the payment will be deducted from any amount received under the claim.

The Group's other litigation assets (held by CL17) have moved further along the determination process. In respect of the Sosushi Srl ("Sosushi") legal claim (valued up to €1.03m), the Bologna Court has elected to continue the case through an arbitration process, which is expected to be concluded within the end of 2021. The action for liability against former management and internal audit committee (valued at €10.8m by the Company, and later in 2021 confirmed by the Court appointed independent expert up to a value of €7.8m) undertaken by Sipiem in Liquidazione SpA ("Sipiem") is also gradually drawing to close.

The Company maintains a positive outlook for the realisation of these assets, and they have been valued in the accounts at a fair value of €4.4 million.

With regard to its technology assets, the Company's focus has been to assist investee companies in the development of their strategy and sustain the value of the initial investment.

As announced on 28 January 2020, PBV Monitor Srl ("PBV") successfully completed a €300,000 fund raise from an Italian investment company. The transaction effectively valued PBV at €3m (post-money). The Company has retained its 10% shareholding in PBV. Despite Covid-19 delaying the company's strategy by a few months, PBV continued to develop its roadmap, expanding its legal directory services and commercial partnerships. In October 2020 it launched its "Market Intelligence Service" which is receiving encouraging early results.

QBT supported ForCrowd Srl, ("ForCrowd") the Italian crowdfunding platform, in its early stages, leading to the launch of its first crowdfunding campaign in May 2020, followed by a second one in July. Due to the difficult economic situation in Italy, the two campaigns were not successfully completed. However, continuing into 2021, a few interesting crowdfunding projects, remain in the company's pipeline. QBT is working to increase interest in these projects by exploiting the synergies in its portfolio with those of ForCrowd and its clients.

Geosim Systems Ltd ("Geosim"), the Israeli 3D virtual mapping company, delivered, in the first half of 2020, the Digital Twin model of one of the largest international airports in Asia. In the second half of the year, Geosim focused on obtaining new contracts in North America, which led to the finalisation of an important contract with a major airport in early 2021.

As announced in August 2020, QBT engaged Sapphire Capital Partners LLP, an FCA approved and regulated investment management partner, to act as the Investment Manager for the proposed launch of an Enterprise Investment Scheme fund ("EIS fund") in which the Company intends to operate as Investment Advisor.

CHAIRMAN'S STATEMENT (continued)

Another important event was the renegotiation of all Eufingest SA ("Eufingest") loans in November 2020, converting them into a Zero-Coupon Bond ("2020 Zero Coupon Bond"), convertible at 1p per new ordinary share of 0.25 pence each in the Company ("Ordinary Shares") and carrying an implied yield to maturity of 1% and, as such, lowering its cost of capital.

Subsequent to the year end, the Company also changed its investment strategy, with a focus on Quantum Computing, Blockchain, Cryptocurrencies and Artificial Intelligence sectors. In conjunction with this, QBT commenced a research and development ("R&D") and investment programme. The Company's R&D is focused on Cryptography; bringing together the most advanced implementation techniques and functions, along with quantum computing technologies and AI deep learning, to develop a new and disruptive approach to blockchain technology. The investment programme is focused on selecting the most innovative and out-of-the-box start-ups in the Blockchain and cryptocurrency sector.

Financial Review

The group reported a total comprehensive loss of €1.2m for the year ended 31 December 2020: (2019 restated: €0.6m loss). Operating losses for the period were €1,087,000 (2019 restated: €1,384,000 loss). The undiluted Net Asset Value ("NAV") of the Group as of 31 December 2020 was -€2.4m (2019 restated: -€1.6m). The Group had Net Current Assets of €4.9m million as at 31 December 2020, an improvement of €2.5m since last year (2019 restated: €2.4 million).

The comparative 2019 values have been restated, to correctly represent the equity and derivative components of the Company's Bonds. For further details please see Note 25 in the Notes to the Financial Statements section.

Portfolio Companies

As at 31 December 2020, the Group comprised of a diverse portfolio of companies in several growth sectors; primarily leisure and technology. The portfolio included (percentage of equity held is shown in parenthesis):

PBV Monitor Srl (pbvmonitor.com) (10%): PBV Monitor is an Italian company specialising in the acquisition and dissemination of data for the legal services industry, utilising proprietary market intelligence tools and dedicated search software. In 2020 PBV launched its market intelligence service – "PBV Intelligence", whilst also establishing new commercial partnerships.

Sipiem SpA (50.17%): is a minority shareholder in T.L.T. SaS and owns a number of real estate assets in Italy, including a minority stake in the Ondaland Waterpark. It has issued a claim for €10.8m against the previous management team and audit committee. In 2019, the claim was acquired by CL17.

As announced in May 2021 the court-appointed independent expert confirmed the economic merit of the claim for €7.8m. The next procedural steps are as follow:

- The judge will schedule a further hearing to comment the independent expert valuation.
- Following this hearing, each party's lawyers will have 80 days ("Conclusive Briefs Period") to file their conclusive briefs to the Judge.
- The judge's ruling is then expected within 60 days following the conclusion of the Conclusive Briefs Period.

GeoSim Systems Ltd ("Geosim") (geosimcities.com) (4.53%): is an Israel based company that develops 3D modelling software. At the beginning of 2020, Geosim has delivered on its project in Asia to build a Digital Twin model of an international airport despite the inevitable delays due to Covid-19. In 2021, Geosim is working at the completion of a first Phase in the development of a similar 3D Reality Model for a major North American airport.

Mediapolis Srl (84.04%): Currently in bankruptcy procedure. In June 2020, CL17 reached a settlement agreement with the Mediapolis Receiver to the amount of €1,663,000 payable to CL17. CL17 received €1,480,933 in August 2020, with final balance of €182,067 (less €50,000 used to purchase a legal claim against former director and internal audit team) payable at the end. Once the final payment is received, CL17 will have no further claim against Mediapolis. This represents a very important milestone in the Company's life, bringing a successful conclusion to a very complicated issue inherited from the previous management of the Company.

CHAIRMAN'S STATEMENT (continued)

Portfolio Companies (continued)

Clear Leisure 2017 Ltd (100%): CL17 holds the remaining rights on the auction proceeds, amounting to €182,067 (less €50,000 used to purchase a legal claim against former director and internal audit team) with €1,480,933 already paid in August 2020. The legal claim had been originally valued by Mediapolis receiver above €20 million.

Furthermore, CL17 is the holder of other potentially important assets: the €10.8m action for liability against Sipiem's previous management and audit committee (in 2021 the economic merit has been confirmed for a value up to €7.8m by a Court appointed independent expert) and the €1.03m action for liability against Sosushi's previous management.

ForCrowd Srl (ForCrowd.com) (20%): During 2020, despite the Covid-19 pandemic, ForCrowd started its first campaigns ("B4TECH" and "Meta Wellness Srl"), as reported above. The investment in ForCrowd is part of a strategy of the Company allowing other portfolio companies to have an easy access to the crowdfunding resources whilst entitling QBT to potential revenue streams (1% of funds received by investors on projects introduced and 3% on funds introduced). In 2021, the Company increased its stake in ForCrowd, moving from 20% to 41.17% for a consideration of €34,000, whilst ForCrowd launched a new crowdfunding campaign.

Miner One Limited (100%): Subsequently the change of Company's name and investment strategy, Miner One will become the vehicle through which QBT will carry out its crypto-mining operations. The container containing the datacentre together with the mining machines are still located in Serbia. It remains on care and maintenance as machines ought to be updated.

Post-Balance Sheet Events

At the start of the year the Company was notified that the Bologna Court elected to continue CL17 €1.03 million legal claim against the previous management of Sosushi through an arbitration process, which will provide a legally binding decision on the matter. The arbitration process formally started on 18th January 2021.

In the same period, CL17 (at the conclusion of the mandatory public bidding process), was assigned a legal claim against Mediapolis former management and internal audit committee, for a consideration of €50,000 to be deducted from the amount still receivable from the Mediapolis Bankruptcy procedure.

In relation to Sipiem's legal claim, in May, the Court appointed independent expert filed his report on the economic merit of the damages suffered by Sipiem at an amount of up to €7.8 million, subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful. Furthermore, as one of the defendants has sadly passed away, CL17 was required to take a few additional mandatory procedural steps that have slightly delayed the proceedings. The Court of Venice has then scheduled the hearing for 10 November 2021 during which the Judge will receive the parties' comments on the report of the independent expert.

In February, via two separate equity placings, the Company raised £680,000 and £1,000,000 (both amounts before expenses), to sustain the Company's running costs and specifically to launch a new Investment Strategy focused on R&D about Blockchain, Cryptocurrency and Quantum computing.

On 14 April 2021, the Company issued a Notice of General Meeting to seek approval to:

- Amend the Company's Investing Policy to be focused on Blockchain, Cryptocurrency, Quantum Computing and AI.
- Change the Company's name from Clear Leisure to Quantum Blockchain Technologies plc.
- Authorise the granting of options to the CEO and current and future management team of the Company.
- Grant authorities to the directors to issue shares in the Company.

At the General Meeting shareholders voted to approve the above and therefore the Company changed its name to Quantum Blockchain Technologies plc.

On this note, in June 2021, the Company announced the launch and progress of the in-house R&D programme in respect of advanced proprietary techniques for Bitcoin mining. The Company entered into a one-year service agreement with a UK based international cryptography expert whose specialism is cryptocurrency mining blockchain optimisations.

CHAIRMAN'S STATEMENT (continued)

Post-Balance Sheet Events (continued)

The aim of this work is to improve the efficiency of Bitcoin mining, targeting a material reduction in energy usage and faster hash processing, which will increase the probability of successful mining.

As part of the one-year service agreement, the consultant has been awarded share options over 10,000,000 new ordinary shares of 0.25 pence each in the Company at an exercise price of 5p each, which can be exercised between 15 February 2022 and 15 August 2022.

Outlook

The Board remains committed to return value to its stakeholders by:

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

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



Francesco Gardin
Director
24 June 2021

DIRECTORS PROFILES

Francesco Gardin

Chief Executive Officer & Chairman

Francesco Gardin, 66, born in Rovigo, Italy, graduated in Theoretical Physics at Padova University in 1979, before undertaking a UK Government research project at Exeter University (UK) from 1980 to 1982. In 1983, Francesco founded AISoftw@re SpA to develop and distribute Artificial Intelligence systems within Italy, which he took public on NASDAQ Europe in 1999 and the Milan Stock Exchange in 2000. He sold the company in 2005 but agreed to remain as non-executive Chairman until March 2008. When he left, the company employed more than 1,400 people and had revenues in excess of £70m. In December 2008, he was appointed executive Director of London Asia Capital plc, a UK company investing in Asia, he resigned in July 2013. In October 2013 he was appointed to the board of Pan European Terminals PLC, listed on AIM of the London Stock Exchange. He resigned in July 2014 following the sale of the company. In December 2014, he co-founded First IPO Capital Ltd, a UK company aiming at financing IPO costs to companies listing on the London AIM market. During the last twenty years, he has been Director of almost fifty companies in Italy, UK, USA, Israel, Hong Kong, China, Singapore, Mauritius and Jersey. From 1984 to 2014, he was Research Associate Professor at Udine, Milano and Siena University lecturing Artificial Intelligence, Theory and Application of Computation, and Virtual Reality. His academic papers include more than 50 individual and joint publications and three books on the subject of Artificial Intelligence as editor.

Reginald Eccles

Non-executive Director

Reginald George Eccles, 75, has sat on the boards of a number of public and private companies over the past four decades, including, most recently, Toledo Mining Corporation plc where he acted as Chairman and Pan European Terminals plc as Senior Independent Director. He began his career as a business and financial analyst, working in both the UK and South Africa. In 1979, he co-founded a consultancy and publishing company, with offices in the UK and Australia, which was sold in 1988. Subsequently, he held senior positions at a number of investment banks including establishing a global network of mining analysts and sale staff to support the ABN AMRO and Rothschild Bank joint venture.

STRATEGIC REPORT

The Directors present their Strategic Report on Quantum Blockchain Technologies plc and its subsidiary undertakings (“the Group”) for the year ended 31 December 2020.

Review of the business and developments during the year

During 2020 the Company continued pursuing ownership of those legacy assets which remain subject to legal action.

- In June 2020, CL17 reached an agreement with the Mediapolis Receiver regarding the transfer of the Mediapolis sales proceeds. Under the terms of the agreement, an amount of €1,663,000 is payable to CL17. As part of the agreement, CL17 proposed to buy, for €50,000, Mediapolis’s rights to a potential claim against former Mediapolis directors and members of its internal audit committee. The exact amount of the claim is yet to be determined. However, the receiver originally valued the claim above €20m. Additionally, under Italian bankruptcy law, 20% of the auction proceeds must be kept in escrow by the Receiver until the closing of the bankruptcy process. The first payment to CL17, paid in August 2020, was €1,480,933. The second and final payment of €182,067 (minus €50,000 for the purchase of the claim), will be made to CL17 at the end of the bankruptcy procedure.
- In February 2020, the first hearing in respect of the legal action against the former directors of Sipiem SpA was held in the Venice Court. Legal representatives of all parties involved in the claim appeared in court, including the legal representatives of two insurance companies which have provided professional indemnity cover to the majority of the eight defendants. The insurance documents seen by the Directors indicate that, for this specific case, the professional insurance cover is €1,000,000 per year, per insurance company. Therefore, €2,000,000 per year of cover has been provided. Subsequently, in October 2020, the presiding Judge appointed an independent expert to assess the value of the damages claimed by Sipiem. Each party also appointed their own experts to help and control the process.

With regard to the Technology Portfolio and Investment activity:

- In January 2020, PBV Monitor received an investment of €300,000 from an Italian investment company, comprising an investment of €150,000 in PBV equity and a €150,000 subscription for a PBV 18-month convertible loan note with annual interest rate of 10%. Should the loan note be converted into PBV shares at the end of the 18-month term it will be on the same valuation as the investment in PBV equity. To maintain its holding in PBV at 10%, CL17 subscribed to €15,000 in PBV equity and €15,000 in the PBV convertible loan on the same terms as above. In the second half of the year, PBV launched its new online service, “PBV Intelligence”. The service identifies and highlights business relationships between more than 7,000 commercial law firms, 35,000 corporations, banks and government organisations and 152,000 business lawyers worldwide.
- In May 2020, ForCrowd launched its first campaign, followed up by a second campaign in July. Neither crowdfunding campaign saw the total funding target achieved and were cancelled as a result, mainly due to the onset of the Covid-19 pandemic.
- By August 2020 Geosim, delivered on its project in Asia to build a Digital Twin model of an international airport, despite the inevitable delays due to Covid-19.
- In August 2020, QBT has entered the early stages of launching a new investment initiative focused on high growth technology companies. The Company engaged Sapphire Capital Partners LLP, an FCA approved and regulated investment management partnership, to act as the Investment Manager to establish and manage an EIS fund aimed at professional and qualifying retail investors. The proposed fund will seek to invest in companies which focus on the integration of biological and digital systems.

STRATEGIC REPORT (continued)

About Eufingest SA (“Eufingest”) Loans:

- In February 2020, the Company received a €150,000 loan from Eufingest, bearing 2.5% annual interest, repayable any time before 30 June 2020.
- In June 2020, the Company agreed with Eufingest to extend the maturity of all outstanding loans to 30 September 2020. This was subsequently extended in October to 31 October 2020.
- In August 2020, a principal amount of €550,000 plus interest of €11,157 was repaid by the Company to Eufingest.
- In November 2020, at the maturity date of the loan, all loans were converted into a new €3.5m Convertible Zero Coupon Bond, repayable on 15 December 2022, carrying an implicit yield to maturity of 1%.

Sale of investments

The Company did not dispose of any assets during 2020.

Section 172(1) Statement – Promotion of the Company for the benefit of members as a whole:

The Directors believe they have acted in good faith in a way that would most likely promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006, and in doing so have had regard to:

- The likely consequences of any decision in the long term;
- The need to act fairly between the members of the Company;
- The desirability of maintaining the Company’s reputation for high standards of business conduct;
- Consider the interests of the Company’s employees;
- The need to foster the Company’s relationships with suppliers, customers and others; and
- The impact of the Company’s operations on the community and the environment.

In order to fulfil their duties under section 172, and promote the success of the Group for the benefit of all its stakeholders, the directors need to ensure that they not only act in accordance with their legal duties but also engage with, and have regard for, all its stakeholders when taking decisions. The Group has a number of key stakeholders it is committed to maintaining a strong relationship with. Understanding the Group’s stakeholders and how they and their interests will impact on the strategy and success of the Group over the long term is a key factor in the decisions that the Board makes.

Shareholders The promotion of the success of the Group is ultimately for the benefit of the Company’s shareholders who provide the Company’s permanent capital. As a company listed on the AIM Market of the London Stock Exchange, the Company is responsible for ensuring that it is aware of shareholder needs and expectations. The Directors attach great importance to maintaining good relationships with all of its shareholders and interested parties and seeks to ensure that they have access to correct and adequate information in a timely fashion. The Directors are aware that as stakeholders, its shareholders play a vital role in the fabric of the Company and therefore they regularly engage in dialogue with the Company’s shareholders and is available for meetings with institutional and major shareholders following the release of the Group’s Annual and Interim Results. The Directors welcome all shareholders to make contact with the Company and provide any feedback or comments that they may have. Contact details are available on the Company’s website. The Company’s Annual General Meeting is also an important opportunity for shareholders to meet and engage with Directors and ask questions about the Company and its performance.

Employees Our employees are key to the success of the Group and recruiting, retaining and developing our team is one of the Group’s most important priorities. The Directors expect a high standard of integrity and accountability from the Group’s employees. In return, they reward and incentivise the staff on the basis of merit,

STRATEGIC REPORT (continued)

ability and performance. Employee engagement is a key factor of this performance and the Directors encourage an open communication forum amongst all members of staff, aided by the Group's small size and relatively flat hierarchical structure. The Directors are committed to promoting diversity and equal opportunities and consider the Group to be a supportive employer, providing training and development where required.

Response to the Covid-19 outbreak The focus of the Directors since the Covid-19 outbreak has been on keeping the employees and their families safe. In accordance with the government lockdown restrictions, all employees have been working from home and have been provided with the technology and equipment to do so, where required. Ensuring staff engagement and wellbeing at this difficult time has been of particular importance, and the Directors have ensured that regular departmental calls and online meetings have continued to take place during lockdown.

Investee Companies Engagement with the Group's portfolio of investee companies is critical to delivering the Company's long-term strategy with respect to maximising shareholders' return. Whilst the Group does not involve itself in the day to day operations of its investee companies, it does retain formal oversight by being part of the board of each investee company.

Regulatory Bodies Although the Company is not itself directly regulated, it operates within a regulated environment (i.e., AIM rules) and therefore actively engages with various regulatory bodies and advisory firms to ensure that compliance standards are maintained and that the Company continues to act with the high standards of business conduct that have established its reputation thus far.

Suppliers and Advisors The Company's suppliers and advisors are integral to the day to day operation of the Group. Relationships with suppliers are carefully managed to ensure that the Group is always obtaining value for money. The Group seeks to ensure that good relationships are maintained with its suppliers and advisors through regular contact and the prompt payment of invoices.

Other stakeholders and the wider community The Directors are committed to ensuring that none of its activities have a detrimental impact on the wider community and the environment. The Group actively encourages its employees to participate in charitable work and community projects.

Decision making and section 172 of the Companies Act 2006 The Group's primary strategy is to deliver shareholder value. The key driver of this growth is the investment of the Group's resources into businesses with experienced management teams that have excellent growth potential and where the Group can offer its expertise and add value. During the year, the Group continued to fund its existing portfolio of investee companies. Historically the Group has used funds from past realisations and external fundraising to fund future opportunities both within its current portfolio and to new investments.

Board changes

On 12 Nov 2020, Mr Francesco Gardin was re-elected as Director of the Company.

Events after the reporting date

During the first months of 2021, the Company has been involved in the following:

With regard to the historic portfolio and the ongoing litigations:

- **Mediapolis:** The receiver, at the conclusion of a public bidding process, assigned to CL17 the rights of a potential claim against former Mediapolis directors and members of its internal audit committee for a consideration of €50,000 (to be deducted from the amount yet to be received from the Mediapolis Bankruptcy of €182,067). The value of the claim is still being assessed by the Company's legal team, however, the receiver had originally estimated that the value of the claim may be above €20m.
- **Sosushi legal claim:** The Bologna Court has elected to continue CL17's €1.03 million legal claim against the previous management of Sosushi through an arbitration process.

STRATEGIC REPORT (continued)

- Regarding the Sipiem legal claim, the €10.8m claim is continuing, with slight delays due to the Covid-19 pandemic and other unforeseeable events, and is gradually getting to a conclusion, expected (either via a legal trial or settlement agreement) to be in the following months. In May 2021, the court-appointed independent expert filed his report on the economic merit of the damages suffered by Sipiem at an amount of up to €7.8 million, subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful.

About the existing technology portfolio:

- Geosim, was awarded a new contract for which it is now completing a first Phase in the development of a 3D Reality Model for a major North American airport similar to the one previously delivered for an important Asian airport.
- PBV is aiming to consolidate the intelligence service as a new line of revenue alongside to its legal directory and award events, and to soft-launch its new legal networking platform, which has already been developed internally. Additionally, considering the general improvement of the market in Europe following the Covid-19 pandemic, PBV is expecting to re-launch its industry award events for the legal sector (especially in Italy and France), and hopes to re-invigorate a consistent line of revenue that was negatively affected in 2020.
- Forcrowd launched a new crowdfunding campaign, which, given the high pre-committed capital prior to launch, is expected to be successfully concluded.
- Miner One, will become the vehicle through which QBT will carry out all its crypto -mining operations and related activities.

Importantly, on the Company's corporate side:

- In February 2021, the Company raised £1.68m (before expenses) through two placings, for working capital purposes, management of current assets and, most importantly to deploy a new investment strategy based on quantum computing, blockchain, cryptocurrency and Artificial intelligence.
- Following the above, in April 2021, the Company issued a General Meeting notice to:
 - Change the Company's investment strategy.
 - Change the Company's name to Quantum Blockchain Technologies Plc.
 - Authorise the directors to issue shares and share options.

At the General Meeting held on 6 May 2021, Shareholders granted such authority to the Company.

In June 2021, the Company informed about the launch and progress of the in-house R&D programme, aiming to improve the efficiency of Bitcoin mining, targeting a material reduction in energy usage and faster hash processing, which will increase the probability of successful mining, as the Company believes that there are tangible and disruptive optimisations that can be made at multiple levels within the end-to-end Bitcoin mining process, which could result in faster execution and energy saving.

Principal Risks and Uncertainties

The Group's investments as at 31 December 2020 were all in unlisted entities. As a result there is no readily available market for sale in order to arrive at a fair value. The valuation of each investment is appraised on a regular basis and requires a significant amount of judgment together with reviewing the cash flows and budgets of the investee company in order to arrive at a fair value.

STRATEGIC REPORT (continued)

The Group received a liquidity injection during the year under review, mainly via to the first tranche of the Mediapolis' settlement agreement for the amount of €1.48m. In 2021, the Company also raised a further €1.68 million before expense to pursue the Company's strategy and fund day-to-day operations of the Group. The Directors consider that such amounts will be sufficient to meet the operating expenditure over the next 12 months. Additional funds may be required if the Company, in accordance with its new strategy, decides to scale-up its technology ventures. This is covered further in the Going Concern section of this report and Note 3 to the financial statements.

Key performance indicators ("kpi's")

The key performance indicators are set out below:

	31 December 2020	31 December 2019 (restated)	Change %
Net asset value	(€2,286,000)	(€1,629,000)	40%
Closing share price	0.27p	0.30p	(10%)
Market capitalisation	€1,914,704	€2,342,000	(18%)

Assessment of business risk

The Board regularly reviews operating and strategic risks. The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Financial risk management

Details of the Group's financial instruments and its policies regarding financial risk management are contained in Note 18 to the financial statements.

Results for the year and dividends

The loss for the year was €1,208,000 (2019: loss of €624,000). Since the Group does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

Going concern

The Group's activities generated a loss of €1,208,000 (2019: €624,000) and had net current assets of €4,857,000 as at 31 December 2020 (2019: net current assets of €2,396,000). 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.

The Company has raised €1,680,000 (before expenses) in February 2021.

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.

STRATEGIC REPORT (continued)

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are material 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 material 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.

On the other hand, the impact of Covid-19 on the roadmap of the Company's investees has been material, as the difficult economic environment negatively affected the commercial developments and related expected revenues.

Due 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.

By order of the Board.



Francesco Gardin
Director
24 June 2021

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Principal Activity

The principal activity of the Group is that of an investment company with a portfolio of companies primarily encompassing the leisure and real estate sectors mainly in Italy and, more recently, technology sectors. The focus of management is to pursue the monetisation of all of the Company's existing assets, through selected realisations, court-led recoveries of misappropriated assets and substantial debt-recovery processes. The Company has also realigned its strategic focus to technology related investments, with special regard to Quantum Computing, Blockchain, Cryptocurrency and AI sectors.

Directors

The present members of the Board of Directors together with brief biographies are shown on page 5.

The board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise beside their name:

Francesco Gardin
Reginald Eccles

Directors' interests

No director had a material interest in any contract of significance to the Company or any of its subsidiaries during the period. No director of the Company has any beneficial interest in the shares of its subsidiary companies.

The interests of the directors who served at the end of the year in the share capital of the Company at 31 December 2020 and 31 December 2019 were as follows:

Directors	31 December 2020 (0.25p ordinary shares)	Holding %	31 December 2019 (0.25p ordinary shares)
Francesco Gardin	12,437,078	1.88%	12,437,078

The closing market price of the Quantum Blockchain Technologies new ordinary shares of 0.25p each at 31 December 2020 was 0.265p and the highest and lowest closing prices during the year were 0.325p and 0.135p respectively.

Remuneration

Remuneration receivable by each director during the year was as follows:

	2020 Board fees €'000	2019 Remuneration €'000	2020 Total €'000	2019 Total €'000
Executive Directors				
Reginald Eccles	56	42	56	42
Francesco Gardin	267	134	267	134
Total	323	176	323	176

None of the Directors had any pension entitlement.

The difference between 2019 and 2020 figures is due to 10% bonus to Francesco Gardin on liquidation of historic assets (i.e., Mediapolis settlement in 2020), as per his contract with the Company.

DIRECTORS' REPORT (continued)

Directors' interests in share options and warrants

At 31 December 2020 all former share options had lapsed and no options were exercised in any of the last three financial years.

Significant shareholders

As at 22 June 2021, the parties who are directly or indirectly interested in 3 percent or more of the nominal value of the Company's share capital are as follows:

	Number of Ordinary Shares	%
HARGREAVES LANSDOWN (NOMINEES) LIMITED	230,184,628	25.65
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	159,063,493	17.72
EUFINGEST SA	86,254,733	9.61
HSDL NOMINEES LIMITED	81,213,717	9.05
VIDACONS NOMINEE LIMITED	59,727,171	6.65
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	34,615,980	3.86
FRANCESCO GARDIN	34,286,481	3.82
LAWSHARE NOMINEES LIMITED	30,534,487	3.40
WEALTH NOMINEES LIMITED	29,602,072	3.30
PEGASUS PIROUETTE CAPITAL LONDON Ltd	26,932,277	3.00

DIRECTORS' REPORT (continued)

Corporate Governance

The Board of Directors is accountable to the Company's shareholders for ensuring good corporate governance and the Directors have agreed (on 27 September 2017) to report against the UK Quoted Companies Alliance ("QCA") Governance Code.

QCA Code Recommendation	Application by the Company
<p>Principle 1</p> <p>Establish a strategy and business model which promote long-term value for shareholders</p> <ul style="list-style-type: none"> • The board must be able to express a shared view of the company's purpose, business model and strategy. • It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. • It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future. 	<p><i>Quantum Blockchain Technologies plc is an AIM listed investment company with a portfolio of companies primarily encompassing the leisure and real estate sectors mainly in Italy and the UK. The focus of the management is to pursue the monetisation of all of the Company's existing assets, through selected realisations, court-led recoveries of misappropriated assets and substantial debt-recovery processes. In addition, the Company has launched a joint venture initiative in the cryptocurrency mining sector and recently invested a data base company.</i></p> <p><i>A more detailed explanation of the Company's strategy is set out in the preface of the Company's Annual Reports and business updates released to the market which are available on the Company's website in the Regulatory News section.</i></p>
<p>Principle 2</p> <p>Seek to understand and meet shareholder needs and expectations</p> <ul style="list-style-type: none"> • Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. • The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions. 	<p><i>The Company endeavours to maintain a dialogue and keep both private and institutional shareholders informed through its public announcements and its corporate website.</i></p> <p><i>Shareholders are sent Annual Reports and all shareholders receive a Notice of the Meeting and are encouraged to attend the Annual General Meeting.</i></p> <p><i>Members of the Board are in attendance at the Annual General Meeting and are available to meet shareholders formally after the meeting to discuss information that is in the public domain. The Company will advise shareholders attending the AGM of the number of proxy votes lodged for and against each resolution after each resolution has been dealt with by a show of hands.</i></p> <p><i>In addition, shareholder communication may also be answered, where possible or appropriate, by the Company's Financial PR advisor, Leander PR or the Company's broker, SP Angel Corporate Finance LLP.</i></p> <p><i>Leander PR is responsible for the public relations of the Company, which includes assistance in the preparation of public announcements and liaison with the press.</i></p>

DIRECTORS' REPORT (continued)

<p>Principle 2 (continued)</p>	<p><i>The Board is responsible for the Company's public announcements to the market and where appropriate takes advice from the Company's advisors in respect of their preparation and the Company's regulatory requirements.</i></p>
<p>Principle 3</p> <p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p> <ul style="list-style-type: none"> • Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. • Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. • Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups. 	<p><i>The Directors are aware of the impact the business activities have on the communities in which the Group's businesses operate and are very cognisant of the importance of stakeholders, including but not limited to shareholders, employees, advisors, business partners, regulators and the wider society.</i></p> <p><i>The Company holds formal and informal meetings, to identify both internal and external stakeholders' needs, interests and expectations.</i></p> <p><i>The Board, on a case-by-case basis, will take the decision to act on feedback from stakeholders.</i></p> <p><i>The Company does not have a policy towards charity, given the current size of the Company, but the Board may from time to time decide to make charitable donations.</i></p> <p><i>The Company works closely with its advisors to ensure it meets its listing obligations as well as the social, legal, religious and cultural requirements of the countries in which it operates.</i></p>
<p>Principle 4</p> <p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p> <ul style="list-style-type: none"> • The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. • Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite). 	<p><i>The Company is exposed to a variety of risks that result from its investing activities. A detailed explanation of the Board's management of each risk is outlined in the Annual Reports. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed.</i></p> <p><i>The Board is responsible for the identification, assessment and management of such risks. In assessing the risks, the Board is assisted by the Company's advisors.</i></p>

DIRECTORS' REPORT (continued)

<p>Principle 5</p> <p>Maintain the board as a well-functioning, balanced team led by the chair</p> <ul style="list-style-type: none"> • The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. • The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. • The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. • The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. • Directors must commit the time necessary to fulfil their roles. 	<p><i>Quantum Blockchain Technologies plc's Board of Directors is comprised of Prof Francesco Gardin as Chairman and Chief Executive Officer ("CEO"). Mr Reginald Eccles is the independent Non-executive Director of the Company, while Mr. James Douglas Gordon acts as Company Secretary.</i></p> <p><i>Both Directors allocate sufficient time to the Company to discharge their duties.</i></p> <p><i>Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.</i></p> <p><i>The Board is aware that the QCA Corporate Governance Code advises that, save in exceptional circumstances, the Chairman should not also fulfil the role of Executive Director. Given the current size and stage of the Company, alongside Prof Gardin's knowledge of past and present complex legal matters impacting on the Company, the Board believes that this combined role is currently appropriate. This, however, will be kept under review as the Company develops.</i></p> <p><i>The Company notes that the QCA Code also recommends that the Board include at least two Independent non-executive directors. The Board will consider the appointment of additional non-executive directors as the Group's scale and complexity grows.</i></p> <p><i>The shareholders are aware of these circumstances and have not opposed the re-election of the Board at the Annual General Meetings.</i></p> <p><i>In addition, there is a regular dialogue between the Directors and the Company Secretary to ensure every decision is correctly assessed and properly balanced.</i></p> <p><i>The Board is also supported by a number of committees including the Audit Committee and the Remuneration Committee.</i></p> <p><i>Additionally, as a holding company, Quantum Blockchain Technologies is supported by the Boards and independent Directors of individual operating companies.</i></p>
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DIRECTORS' REPORT (continued)

<p>Principle 6</p> <p>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p> <ul style="list-style-type: none"> • The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. • The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. • As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change. 	<p><i>Biographies and expertise of the Directors are available on both the Company's website (in the Board of Directors section) and the Annual Reports.</i></p> <p><i>In matters related to company law, the Company depends upon the legal expertise of its legal advisers.</i></p> <p><i>Where there are issues that exceed the expertise of the Directors, the Company utilises external advisors.</i></p> <p><i>The Company has engaged several law firms, in Italy and in the UK, to advise in respect of the legal matters related to the claims the Company has pursued since the appointment of the current Board in July 2015.</i></p> <p><i>The Directors' background and experience guarantee they can maintain their skillset up to date. Prof Francesco Gardin has maintained close connections with his former colleagues at Udine, Milan and Siena Universities, where he lectured for 30 years, regularly attends global technology and technology-related conferences and he is part of a network of advisors, CEOs and CFOs, of quoted and unquoted companies around the world, he meets regularly. Mr Reginald Eccles is a long-standing member of the Institute of Directors, through which he has access to outstanding advice and information. He is also a Freeman of a City Livery Company and a Freeman of the City of London, in which roles he continuously meets entrepreneurs and businessmen.</i></p>
<p>Principle 7</p> <p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p> <ul style="list-style-type: none"> • The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. • The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. 	<p><i>The Board considers the evaluation process is best carried out internally given the Company's current size, However, the Board will keep this under review and may consider independent external evaluation reviews in due course as the Company grows.</i></p> <p><i>The Independent Non-executive Director chairs the Remuneration Committee and is responsible for assessing and for evaluating the effectiveness of the Executive Director (including determination of any annual bonus) by reference to the performance of the Company. This review takes place every six months.</i></p>

DIRECTORS' REPORT (continued)

<p>Principle 7 (continued)</p> <ul style="list-style-type: none"> It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable. 	<p><i>The Company does not consider it necessary at the current time to have a Nominations Committee and the Board as a whole is responsible for Board and senior management nominations. The merits of constituting a separate Nominations Committee will be kept under review. The Board continues to monitor and evolves the Company's corporate governance structures and processes, and maintains that these will evolve over time, in line with the Company's growth and development.</i></p> <p><i>There is currently no focus for the Board on succession planning although this will be kept under review.</i></p>
<p>Principle 8</p> <p>Promote a corporate culture that is based on ethical values and behaviours</p> <ul style="list-style-type: none"> The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company. 	<p><i>The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset and provides competitive advantages. The Company operates in different sectors and markets and is mindful that respect of individual cultures is critical to corporate success.</i></p> <p><i>The Company endeavours to conduct its business in an ethical, professional and responsible manner, treating its employees, business partners and wider stakeholders with equal courtesy and respect at all times.</i></p>

DIRECTORS' REPORT (continued)

<p>Principle 9</p> <p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p> <ul style="list-style-type: none"> • The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: <ul style="list-style-type: none"> ○ size and complexity; and ○ capacity, appetite and tolerance for risk. • The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company. 	<p><i>The Board is responsible for maintaining the corporate governance structure that is appropriate to its corporate culture and business growth. In maintaining the governance structure, the Board works closely with its Nominated Advisor.</i></p> <p><i>The Executive Director is responsible for running the business and implementing the decisions and policies of the Board. The Board is also responsible for ensuring the Company's communication with shareholders is timely, informative and accurate with due regard to regulatory requirements.</i></p> <p><i>The Non-Executive Director was appointed not only to provide independent oversight and constructive challenge to the Executive Director but also chosen to provide strategic advice and guidance.</i></p> <p><i>The Board is supported by the Audit Committee, and the Remuneration Committee.</i></p> <p><i>The Audit Committee meets twice a year and is responsible for dealing with accounting matters, ensuring the independence of the external auditors, financial reporting and internal controls. The committee comprises the Non-executive Director and the Chairman of the Company and is chaired by the Non-executive Director. During the year, the Audit Committee met twice with the Chairman of the Company and the Non-executive Director both attending the meetings.</i></p> <p><i>The Remuneration Committee, chaired by the Non-executive Director, is responsible for the approval of the remuneration for the executive Director. The Committee meets twice a year and is comprised of the Non-executive Director and the Chief Executive Officer. In determining the total remuneration (including bonuses, if any) of the Executive Director, the Non-Executive Director may consult advisors. The Executive Director also consults the Non-executive Director with respect to overall staff remuneration. During the year, the Remuneration Committee met twice with the Chairman of the Company and is chaired by the Non-executive Director both attending the meetings</i></p>
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DIRECTORS' REPORT (continued)

<p>Principle 10</p> <p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p> <ul style="list-style-type: none"> • A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. • In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: <ul style="list-style-type: none"> ○ the communication of shareholders' views to the board; and ○ the shareholders' understanding of the unique circumstances and constraints faced by the company. • It should be clear where these communication practices are described (annual report or website). 	<p><i>The Chairman is responsible for maintaining a dialogue with shareholders and the financial markets, including the financial press. The Company communicates with shareholders through the Annual Report and half-year accounts, announcements to the stock market and at its Annual General Meeting.</i></p> <p><i>The AIM Rule 26 section of the Company's website provides all required regulatory information as well as additional information shareholders may find helpful.</i></p> <p><i>Historical company announcements, annual reports and circulars of Annual General Meeting are available on the Company's website in the Annual Report and Circulars and Regulatory News section.</i></p> <p><i>Results of shareholder meetings will be publicly announced through the regulatory system and displayed on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.</i></p> <p><i>Information on the work of the various Board Committees and other relevant information are included in the Company's Annual Report.</i></p>
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DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRS"). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM rules of the London Stock Exchange.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Group is compliant with AIM Rule 26 regarding the Group's website.

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Group's auditor is unaware; and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Independent auditor

MHA Macintyre Hudson, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board



Francesco Gardin
Chairman
24 June 2021



Independent auditors' report to the members of Quantum Blockchain Technologies Plc

For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Quantum Blockchain Technologies plc. For the purposes of the table on pages 24 to 29 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Quantum Blockchain Technologies plc and its subsidiaries (the “Group”). The “Parent Company” is defined as Quantum Blockchain Technologies Plc. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Qualified opinion

We have audited the financial statements of Quantum Blockchain Technologies plc for the year ended 31 December 2020.

The financial statements that we have audited comprise:

- Group Income Statement and Statement of Comprehensive Income.
- Group and Company Statements of Financial Position
- Group and Company Statements of Changes In Equity
- Group and Company Statements of Cash Flows
- Notes 1 to 25 of the financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, except for the possible effects of matters described in the basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2020 and the Group’s loss for the year then ended.
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Director.

Basis for qualified opinion

Investment in GeoSim Systems Ltd

The investment disclosed in note 13 in relation to GeoSim Systems Ltd for an amount of €546,212 has been accounted for at fair value by the Directors. The measurement of fair value by the directors is based on the share price of another share placement of the investee that took place 30 months before the year end. In our opinion the valuation technique used by the directors does not provide a reliable measurement of the fair value of the investment in GeoSim Systems Ltd at the reporting date. As the investee is a company that is still in the course of establishing itself, an income approach, in isolation or combined with a cost approach, could have been used to estimate the fair value of the investment in accordance with IFRS 13 Fair Value Measurement. We were unable, via our audit procedures, to obtain sufficient and appropriate audit evidence about the carrying amount of the investment in GeoSim Systems Ltd and, consequently we were unable to determine whether any adjustment to that amount was necessary.

Mediapolis Investment S.A.

As outlined in note 13, the Group has not consolidated the subsidiary undertaking Mediapolis Investment S.A. as the directors consider its inclusion to be immaterial to the consolidated financial statements. Although the subsidiary has been inactive for a number of years, the information that we have obtained in the course of our audit indicates that it has outstanding liabilities that prevent its winding up. The omission of these liabilities may be material to the consolidated financial statements. However, as no financial information was prepared for the subsidiary, we were unable to obtain sufficient appropriate audit evidence about the financial effect of their non-consolidation and to determine whether any material adjustment was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw your attention to note 3 in the financial statements which states that the Group and Parent Company incurred substantial losses during the year and that the Group and Parent Company's operational existence is still dependent on the ability to raise further funding either through an equity placing, or through other external sources of finance. The impact of this together with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of cash flow projections.
- Solvency considerations including examination of budgets and forecasts and their basis of preparation, including review and assessment of the model's mechanical accuracy and the reasonableness of assumptions included within.
- Consideration of availability of funds required to settle funding facilities due for repayment during the going concern review period. Assessing the reasonableness and practicality of the mitigation measures identified by management in their conservative case scenario and considered by them in arriving at their conclusions about the existence of any uncertainties in respect of going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality	2020	2019	
Group	€85,450	€70,000	1% of total liabilities (2019: 1% of total assets)
Parent	€76,900	€20,000	1% of total liabilities, but capped at 90% of group materiality (2019: 1% of total assets)

Key Audit Matters

Event driven	<ul style="list-style-type: none"> • Classification and valuation of bonds
Recurring Group	<ul style="list-style-type: none"> • Contingencies and existence of litigation and claims • Investment valuation • Accuracy of accounting for Group entities • Accounting for Alnitak S.A.

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team and, as required for public interest entities, our results from those procedures. 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. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be Key Audit Matters to be communicated in our report.

Contingencies and existence of litigation and claims

Key audit matter description	<p>The Group is actively engaged in ongoing litigation and claims to recover receivables advanced and investments made, as well as contingent damages for breach of contract, where the Group expects significant future economic benefits.</p> <p>The Group is required to assess the initial and subsequent measurement of the recoverability of receivables and investments and the other proceeds of its claims in view of the requirements of IFRS 9 Financial Instruments and IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>Some of the claims are yet to be concluded in the courts and require significant judgement from management.</p> <p>The risk exists that the outcome of these claims are not assessed appropriately and that rights and obligations do not exist to the extent that the corresponding assets are recognised.</p>
How the scope of our audit responded to the key audit matter	<p>We reviewed the significant judgements adopted by management in respect of assets subject to litigation and claims and assessed its consistency with the requirements of IFRS 9 and IAS 37.</p> <p>We reviewed and discussed each claim with management and understood their basis for the treatment of each claim.</p> <p>We tested managements calculations as to the value of any claim amount and tested the key inputs to confirmations from external legal advisers and versus similar historical claims where the Group has been successful.</p> <p>We considered the presentation and measurement of the assets under litigation.</p> <p>We assessed whether the appropriate disclosures regarding the nature of the claims have been adequately disclosed in the financial statements.</p>
Key observations	<p>We concluded that the assets recognised in relation to litigation claims were appropriately substantiated and measured in the financial statements.</p>

Investment valuation (other than in relation to GeoSim Systems Ltd)

Key audit matter description	<p>Non-current assets investments in the financial statements are measured at fair value through profit or loss.</p> <p>The Group's investment are primarily Level 3 investments under IFRS 13 Fair Value Measurement, as their measurement is primarily based on unobservable inputs as they are not traded in active markets.</p> <p>The valuation of such investments involve significant judgement from management which increases the risk of a material misstatement.</p>
How the scope of our audit responded to the key audit matter	<p>Our procedures included assessing each investment against the fair value measurement criteria of IFRS 13 and determining the inputs to valuation techniques used by management to measure fair value. We concluded that all investments were classified as Level 3 investments.</p> <p>We reviewed the Directors' detailed assessment of the fair value of each investment and assessed the methods, data and significant assumptions used in the valuation.</p> <p>We considered whether the valuation produced by the Directors to estimate the fair of the investments were reasonable in the context of the evidence available.</p>
Key observations	<p>We concluded that the fair value measurement of the current investments, with the exception of GeoSim Systems Ltd outlined in our basis of qualified opinion section, was reasonable in view of the requirements of IFRS 13 and the available information.</p>

Accuracy of accounting for Group entities (other than in relation to Mediapolis Investment S.A)

Key audit matter description	<p>Quantum Blockchain Technologies plc is required to prepare consolidated financial statements that include the entities that it controls in accordance with the requirements of IFRS 10 Consolidated Financial Statements.</p>
	<p>There is a risk that entities have been omitted from the Groups consolidated accounts and therefore have been accounted for incorrectly.</p>
	<p>If 'control' exists over an entity, in accordance with the definition in IFRS 10, and this has not been consolidated, the Group accounts may be materially misstated.</p>
	<p>The Group has shareholdings in several dormant, inactive, liquidated and in-liquidation entities that might need to be consolidated into the Group financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>Our procedures included an assessment of each investment held by the Group in other entities against the definition of control set out in IFRS 10.</p>
	<p>We sought to establish whether the investment resulted in control of the entity by reviewing relevant internal and third-party documentation about the various entities and by enquiries of the Group's management and advisers.</p>
	<p>We also obtained the latest available financial information for all the investments and assessed the conclusions of the Directors about the inclusion of the various entities set out in Note 13.</p>
Key observations	<p>We concluded that the entities meeting the definition of control by the Group were consolidated in accordance with IFRS 10, with the exception of:</p> <ul style="list-style-type: none"> • Alnitak S.A.as outlined in our Key Audit Matters below; and • Mediapolis Investment S.A., as outlined in our basis of qualified opinion section.

Classification and valuation of bonds

Key audit matter description	<p>The group has historic external financing arrangements, including bonds and loans, that have share conversion options. These arrangements are regarded as hybrid financial instruments, that comprise a financial liability host contract and conversion option that is an embedded derivative.</p> <p>The accounting classification and valuation of these external financial arrangements is a significant judgement area, which also includes whether the conversion option should have been separated from the financial liability host instruments and accounted for at fair value through profit or loss as a derivative.</p> <p>During the year, the Group revisited the accounting treatment of the historic external financing arrangements and separated the financial liability hosts, accounted for at amortised cost, from the conversion options, accounted for as derivatives at fair value through profit or loss. This also involved a retrospective restatement of comparatives for the prior year and of the relevant opening balances for the comparative period, as set out in Note 25. Additionally, in the year a new bond was raised that contained a conversion option. The Group assessed the new bond to be a compound financial instrument that includes a debt and an equity component that are accounted for separately. The classification of the components of the bond and the valuation of the debt element also involve judgement and constitutes a significant audit risk area.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained a detailed understanding and background regarding the bonds and loans in place at the start of the year; during the year; and held as at the year end and verified the appropriateness of the respective accounting treatment adopted.</p> <p>We engaged a valuation expert to undertake audit procedures over the accounting valuation of the instruments and issued instructions regarding the scope of the work to be completed.</p> <p>We were able to corroborate the appropriateness of managements inputs into the valuation calculations.</p> <p>We reviewed the market interest rate for the new bond in 2020 and the Black Scholes model inputs for the historic borrowings. We also verified the accuracy of the retrospective restatement relating to the treatment of the historic external financing arrangements.</p>
Key observations	<p>We concluded that management estimates and accounting for the bonds were accurate.</p>

Accounting for Alnitak S.A

Key audit matter description The Group has not consolidated the subsidiary Alnitak S.A. as the directors consider its inclusion to be immaterial to the consolidated financial statements.

There is an audit risk that its non-consolidation could be material to the Group financial statements.

How the scope of our audit responded to the key audit matter We obtained from management their updated assessment of the non-consolidation of the subsidiary.

We challenged management as to any further information obtained during 2020 or post year end that supported their conclusions.

Management provided legal representation that the subsidiary has no outstanding liabilities, which would not be settled by its assets, and confirmed that post year end formal liquidation procedures have begun.

Key Observations The evidence provided on the post year end liquidation was consistent with management's assessment that the non-consolidation of the subsidiary on the grounds of it being immaterial was appropriate.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at €85,450 (2019: €70,000) which was determined based on 1% of total liabilities in 2020 and 1% of total assets in 2019. Total liabilities in 2020 and total assets in 2019 were deemed to be the most appropriate metric for materiality as this is primarily what the users of the financial statements are concerned with. The change year on year on how materiality has been determined is due to the changes in financing arrangements in 2020.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at €51,270 (2019: €42,000) which represents 60% (2019: 60%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

Materiality in respect of the parent was set at €76,900 (2019: €20,000) which was determined based on 1% of total liabilities in 2020 but capped at 90% of group materiality and 1% of total assets in 2019. Performance materiality for the parent company was set at €46,140 (2019: €12,000) which represents 60% (2019: 60%) of the above materiality levels.

Our audit work on the significant components of the Group, and for determining and evaluating the specific targeted procedures on other components, was executed at levels of materiality applicable to the individual entity which were lower than Group materiality. Financial statement materiality applied to these components of the Group was in the range of €44,500 to €45,700.

We agreed to report any corrected or uncorrected adjustments exceeding €3,000 to the directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

The Group consists of three reporting components all of which were considered to be significant components: Quantum Blockchain Technologies plc, Clear Leisure 2017 Limited and Brainspark Associates Limited. The significant components were subjected to full scope audits for the purposes of our audit report on the Group financial statements.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to GeoSim Systems Ltd and Mediapolis Investment S.A. referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements of the Parent Company are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, AIM regulations and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Group's operations.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management concerning actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reading key correspondence with regulatory authorities such as the Financial Reporting Council.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to the valuations of investments and bonds.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Moyser FCA FCCA
(Senior Statutory Auditor)
for and on behalf of MHA MacIntyre Hudson
Statutory Auditor
London
24 June 2021

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 €'000	2019 (restated) €'000
Continuing operations			
Revenue		12	13
		12	13
Administration expenses	7	(1,123)	(1,397)
Other operating income		24	-
Operating loss		(1,087)	(1,384)
Finance (costs)/income	8	(121)	760
Loss before tax		(1,208)	(624)
Tax	11	-	-
Loss from continuing operations		(1,208)	(624)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,208)	(624)
Earnings per share:			
Basic and fully diluted loss per share (cents)	12	€0.182	€0.101

The accounting policies and notes form part of these financial statements.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Group 2020	Group 2019 (restated)	Company 2020	Company 2019 (restated)
		€'000	€'000	€'000	€'000
Non-current assets					
Investments	13	980	1,117	434	521
Total non-current assets		980	1,117	434	521
Current assets					
Trade and other receivables	14	5,191	6,604	841	1,493
Cash and cash equivalents	15	-	-	-	-
Total current assets		5,191	6,604	841	1,493
Total assets		6,171	7,721	1,275	2,014
Current liabilities					
Trade and other payables	16	(334)	(396)	(327)	(339)
Borrowings	17	-	(3,691)	-	(3,691)
Derivative financial instruments	18	-	(121)	-	(121)
Total current liabilities		(334)	(4,208)	(327)	(4,151)
Net current assets/(liabilities)		4,857	2,396	514	(2,658)
Total assets less current liabilities		5,837	3,513	948	(2,137)
Non-current liabilities					
Borrowings	17	(8,212)	(5,142)	(8,212)	(5,142)
Total non-current liabilities		(8,212)	(5,142)	(8,212)	(5,142)
Total liabilities		(8,545)	(9,350)	(8,539)	(9,290)
Net (liabilities)/assets		(2,375)	(1,629)	(7,264)	(7,279)
Equity					
Share capital	19	7,397	7,397	7,397	7,397
Share premium account	19	47,124	47,124	47,124	47,124
Other reserves	21	8,787	8,376	462	51
Retained losses		(65,683)	(64,526)	(62,247)	(61,851)
Total equity		(2,375)	(1,629)	(7,264)	(7,279)

An income statement for the parent company is not presented in accordance with the exemption allowed by S408 of the Companies Act 2006. The parent company's comprehensive loss for the financial year amounted to €447,000 (2019: restated €144,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 June 2021, on its behalf by:

Francesco Gardin
Director
Company Number 03926192



The accounting policies and notes form part of these financial statements.

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

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total equity €'000
At 1 January 2019	7,227	47,038	8,376	(62,416)	225
Prior year adjustment (note 25)	-	-	-	(1,486)	(1,486)
At 1 January 2019 (restated)	7,227	47,038	8,376	(63,902)	(1,261)
Total comprehensive loss for the year	-	-	-	(624)	(624)
Issue of shares	170	86	-	-	256
At 31 December 2019 (restated)	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)

The following describes the nature and purpose of each reserve:

Share capital	represents the nominal value of equity shares.
Share premium	amount subscribed for share capital in excess of the nominal value.
Retained losses	cumulative net gains and losses less distributions made and items of other comprehensive income not accumulated in another separate reserve.
Other reserves	consist of three reserves, as detailed in Note 21, see below:
Merger reserve	relates to the difference in consideration and nominal value of shares issued during a merger and the fair value of assets transferred in an acquisition of 90% or more of the share capital of another entity.
Loan note equity reserve	relates to the equity portion of the convertible loan notes.
Share option reserve	fair value of the employee and key personnel equity settled share option scheme as accrued at the statement of financial position date.

The accounting policies and notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total €'000
At 1 January 2019	7,227	47,038	51	(60,509)	(6,193)
Prior year adjustment (note 25)	-	-	-	(1,486)	(1,486)
At 1 January 2019 (restated)	7,227	47,038	51	(61,995)	(7,679)
Total comprehensive profit for the year	-	-	-	144	144
Issue of shares	170	86	-	-	256
At 31 December 2019 (restated)	7,397	47,124	51	(61,851)	(7,279)
Total comprehensive loss for the year	-	-	-	(447)	(447)
Lapsed share options	-	-	(51)	51	-
Equity portion of convertible loan notes	-	-	462	-	462
At 31 December 2020	7,397	47,124	462	(62,247)	(7,264)

The following describes the nature and purpose of each reserve:

Share capital	represents the nominal value of equity shares.
Share premium	amount subscribed for share capital in excess of the nominal value.
Retained losses	cumulative net gains and losses less distributions made and items of other comprehensive income not accumulated in another separate reserve.
Other reserves	consist of two reserves, as detailed in Note 21, see below:
Loan note equity reserve	relates to the equity portion of the convertible loan notes.
Share option reserve	fair value of the employee and key personnel equity settled share option scheme as accrued at the statement of financial position date.

The accounting policies and notes form part of these financial statements.

GROUP AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 €'000	Group 2019 (restated) €'000	Company 2020 €'000	Company 2019 (restated) €'000
Cash used in operations					
Loss before tax		(1,208)	(624)	(447)	144
Fair value changes in investments			27	-	40
Impairment of investments		89	-	89	-
Other gains and losses		50	-	-	-
Finance charges		247	(760)	247	(760)
Decrease /(increase) in receivables		1,417	882	655	(95)
(Decrease) /increase in payables		(61)	(78)	(10)	118
Decrease in derivatives		(121)	-	(121)	-
Net cash outflow from operating activities		413	(553)	413	(553)
Cash flows from investing activities					
Purchase of investments	13	(2)	-	(2)	-
Net cash outflow from investing activities		-	-	(2)	-
Cash flows from financing activities					
Proceeds from borrowing		150	291	150	291
Repayment of borrowings		(561)	-	(561)	-
Interest paid		-	(5)	-	(5)
Net cash (outflow)/inflow from financing activities		(411)	286	(411)	286
Net (decrease)/increase in cash for the year		-	(267)	-	(267)
Cash and cash equivalents at beginning of year		-	267	-	267
Cash and cash equivalents at end of year	15	-	-	-	-

The accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General Information

Quantum Blockchain Technologies plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on AIM of the London Stock Exchange. The address of the registered office is given on the Company Information page. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 12.

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 consolidated Financial Statements of Quantum Blockchain Technologies plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) in conformity with the requirements of the Companies act 2006 and the parts of Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed in Note 3.

The Consolidated Financial Statements are presented in Euros (€), the presentational and functional currency, rounded to the nearest €'000.

New standards, interpretations and amendments not yet adopted

The Group decided not to early adopt the following amendments to standards which are not yet mandatory.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued January 2020)

The amendments clarify that the classification of a liability as current or non-current is based only on rights existing at the end of the reporting period and the classification is not affected by expectations about whether rights to settle or defer a liability will be exercised. Further, the amendments clarify that the settlement of a liability refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. This amendment only affects presentation.

The amendment is effective for financial years beginning on or after 1 January 2023 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

Amendments to IAS 16 Property, Plant and Equipment (issued in May 2020)

The amendments require any proceeds from selling items produced (and related production costs) in the course of bringing an item property, plant and equipment into operation to be recognised in profit or loss clarifying that such items are not reflected in the cost of the asset.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets *(issued in May 2020)*

The amendments clarify that the cost of fulfilling a contract are costs that relate directly to that contract. Such costs can be the incremental costs of fulfilling that contract or an allocation of other costs directly related to fulfilling that contract.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 *(issued in August 2020)*

The amendments are aimed at helping companies to provide investors with useful information about the effects of the reform of interest rate benchmarks on those companies' financial statements.

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The Phase 2 amendments relate to:

- **changes to contractual cash flows**—a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- **hedge accounting**—a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- **disclosures**—a company is required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

The Group does not expect a material impact on its consolidated financial statements from these amendments.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies *(issued in February 2021)*

The amendments enhance the disclosure requirements relating to an entity's accounting policies and clarify that the notes to a complete set of financial statements are required to include material accounting policy information. Material accounting policy information, when considered with other information included in the financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of the financial statements. The amendments help preparers determine what constitutes material accounting policy information and notes that accounting policy information which focuses on how IFRS has been applied to its own circumstances is more useful for users of financial statements than standardised information or information duplicating the requirements of IFRS.

The amendment also states that immaterial accounting policy information need not be disclosed but when it is disclosed it shall not obscure material accounting policy information. Further, if accounting policy information is not deemed material this does not affect the materiality of related disclosure requirements of IFRS.

The disclosure of judgements made in applying accounting policies should reflect those that have had the most significant effect on items recognised in the financial statements.

The amendment is effective for financial years beginning on or after 1 January 2022 and is not yet endorsed for use under the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

Amendments to IAS 8 Definition of Accounting Estimates (*issued in February 2021*)

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. An accounting policy may require an item in financial statements to be measured at a monetary amount that cannot be observed directly so that in order to achieve the objective of an accounting policy, an estimation is required.

The amendments state that the development of an accounting estimate requires the use of judgement or assumptions based on the latest available reliable information and involve the use of measurement techniques and inputs. Accounting estimates might then need to change as a result of new information, new developments or more experience.

A change in input or measurement technique is a change in accounting estimate which is applied prospectively unless the change results from the correction of prior period errors.

The amendment is effective for financial years beginning on or after 1 January 2023 and is not yet endorsed for use under the Companies Act 2006.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*issued 7 May 2021*)

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted and is not yet endorsed for use under the Companies Act 2006.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. All subsidiaries have a reporting date of December.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Foreign currency

The functional currency is Euro. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Current taxes are based on the results of the Group companies and are calculated according to local tax rules, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full using the financial position liability method for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates and laws. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

Deferred tax assets are recognised to the extent the temporary difference will reverse in the foreseeable future and that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax is recognised for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Revenue

The Group provides consultancy services, which are invoiced at the point of the provision of the service. Revenue is recognised as earned at a point in time on the unconditional supply of these services, which are received and consumed simultaneously by the customer. The Group measures revenues at the fair value of the consideration received or receivable for the provision of consultancy services net of Value Added Tax.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial instruments

Classification and measurement

The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of financial assets at initial recognition. The Company's policy with regard to financial risk management is set out in Note 18. Generally, the Company does not acquire financial assets for the purpose of selling in the short term.

The Company's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Financial Assets held at amortised cost

The classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs, they are subsequently measured at amortised costs using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial Assets held at fair value through profit or loss (FVPL)

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income. The Company has a significant proportion of trade receivables with embedded derivatives for professional pricing. These receivables are generally held to collect but do not meet the SPPI criteria and as a result must be held at FVPL. Subsequent fair value gains or losses are taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value with maturities of three months or less from inception.

Impairment of financial assets

A forward looking expected credit loss (ECL) review is required for: debt instruments measured at amortised costs are held at fair value through other comprehensive income: loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS9, the Company applies the “simplified approach” to trade receivable balances and the “general approach” to all other financial assets. The general approach incorporates a review for any significant increase in counter party credit risk since inception. The ECL reviews including assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised costs.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Borrowings costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. Accounting policies (continued)

Trade payables

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

Segmental reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. The disclosure is based on the information that is presented to the chief operating decision maker, which is considered to be the board of Quantum Blockchain Technologies plc.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year-end date, taking into account the risks and uncertainties surrounding the obligation.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Share capital account represents the nominal value of the shares issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

Other reserves consist of the merger reserve, revaluation reserve, exchange translation reserve and loan equity reserve.

- the merger reserve represents the premium on the shares issued less the nominal value of the shares, being the difference between the fair value of the consideration and the nominal value of the shares.
- the revaluation reserve represents the difference between the purchase costs of the available for sale investments less any impairment charge and the market or fair value of those investments at the accounting date.
- the exchange translation reserve represents the movement of items on the statement of financial position that were denominated in foreign before translation
- the loan equity reserve represents the value of the equity component of the nominal value of the loan notes issued.

Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants which are revenue in nature are recognised on a systematic basis within Other operating income in the Statement of Comprehensive income over the period in which the group recognises as expenses the related costs for which the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

In order to arrive at the fair value of investments a significant amount of judgement and estimation has been adopted by the Directors as detailed in the investments accounting policy. Where these investments are unlisted and there is no readily available market for sale the carrying value is based upon future cash flows and current earnings multiples for which similar entities have been sold. The nature of these assumptions and the estimation uncertainty as a result is outlined in Note 13, along with sensitivities in Note 18.

Going Concern

The Group's activities generated a loss of €1,208,000 (2019: €624,000) and had net current assets of €4,857,000 as at 31 December 2020 (2019: €2,396,000). 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 financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4. Segment information

The Directors are of the opinion that under IFRS 8 - "operating segment" there are no identifiable business segments that are subject to risks and returns different to the core business of investment management. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. Therefore, the Directors have determined that there is only one reportable segment under IFRS 8.

The Group has not generated a material level of income and has no major customers.

5. Staff costs

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Staff costs during the period including directors comprise:				
Wages and salaries	373	277	373	277
Social security costs and pension contributions	2	5	2	5
	375	282	375	282

6. Directors Emoluments

	2020 €'000	2019 €'000
Aggregate emoluments	323	176
	323	176

Remuneration of the highest paid Director was £267,000 (2019: £134,000)

There are no retirement benefits accruing to the Directors. Details of directors' remuneration are included in the Directors' Report.

7. Expenses by nature

	2020 €'000	2019 (restated) €'000
Directors emoluments	323	176
Employee emoluments	80	106
Legal and professional fees	419	337
Audit and accountancy fees	38	64
Administrative expenditure	174	240
Impairment of assets	89	474
	1,123	1,397

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

8. Finance (costs)/income

	2020	2019 (restated)
	€'000	€'000
Gain on derivatives (note 25B)	126	1,018
Interest on convertible bonds (note 25B)	(247)	(253)
Bank fees & revaluations	-	(5)
	(121)	760

9. Auditor's remuneration

	2020	2019
	€'000	€'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	28	35
Non audit services:		
Other services (tax)	10	-
Subsidiary Auditor's remuneration		
Other services pursuant to legislation		10
	38	45

10. Employee numbers

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
The average number of Company's employees, including directors during the period was as follows:				
Management and administration	4	4	4	4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11. Taxation

	2020 €'000	2019 €'000
Current taxation	-	-
Deferred taxation	-	-
Tax charge for the year	-	-

The Group has a potential deferred tax asset arising from unutilised management expenses available for carry forward and relief against future taxable profits. The deferred tax asset has not been recognised in the financial statements in accordance with the Group's accounting policy for deferred tax.

The Group's unutilised management expenses and capital losses carried forward at 31 December 2020 amount to approximately €18 million (2019: €22 million) and €8 million (2019: €9 million) respectively.

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 19% (2019: 19%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

	2020 €'000	2019 (restated) €'000
Continuing operations	€'000	€'000
Loss for the year before tax	(1,208)	(624)
Tax on ordinary activities at standard rate	(229)	(118)
Effects of:		
Expenses not deductible for tax purposes	65	-
Foreign taxes	-	-
Tax losses available for carry forward against future profits	164	118
Total tax	-	-

The UK government has announced that the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12. Earnings per share

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

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

	2020			2019		
	Profit/ (Loss) €'000	Weighted average no. of shares 000's	Per share Amount Euro	Profit/ (Loss) (restated) €'000	Weighted average no. of shares 000's	Per share Amount Euro
Basic and fully diluted earnings per share						
Continuing operations	(1,208)	662,371	(€0.182)	(624)	618,891	(€0.101)
Total operations	1,208)	662,371	(€0.182)	(624)	618,891	(€0.101)

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. In respect of 2020 and 2019 the diluted loss per share is the same as the basic loss per share as the loss for each year has an anti-dilutive effect.

13. Investments

The significant entities for which the Group owns shares, including the parent company, held at 31 December 2020 were as follows:

Group Companies	Ownership	Country	Company Status	Net Assets/(Liabilities) €,000	Date of latest accounts	Treatment
Quantum Blockchain Technologies PLC	100.00%	UK	Parent Company	(6,753)	2019	Consolidated
Brainspark Associates Ltd	100.00%	UK	Trading	(669)	2019	Consolidated
Clear Leisure 2017 Ltd	100.00%	UK	Trading	36,245	2019	Consolidated
Milan Digital Twin Ltd	100.00%	UK	Incorporated in 2019	Nil	N/A	Consolidated
London Digital Twin Ltd	100.00%	UK	Incorporated in 2019	Nil	N/A	Consolidated
Clear Holiday Srl	100.00%	Italy	Dormant/ Inactive	10	2014	Not Consolidated
Miner One	100.00%	UK	Dormant	-	2018	Consolidated
Alnitak S.A	100.00%	Luxembourg	Inactive	(8)	2014	Not Consolidated
Mediapolis Investment S.A	71.72%	Luxembourg	Inactive	(6,648)	2010	Not Consolidated
Sosushi Company Srl	99.30%	Italy	In liquidation	654	2013	Not Consolidated
Fallimento Mediapolis Srl	84.04%	Italy	Liquidated	1,204	2016	Not Consolidated
ORH S.P.A	73.40%	Italy	Liquidated	1,718	2012	Not Consolidated
Birdland Srl	52.00%	Italy	In liquidation	(288)	2016	Not Consolidated
Sipiem S.P.A	50.17%	Italy	In liquidation	645	2014	Not Consolidated
Bibop Srl	36.94%	Italy	Liquidated	(211)	2017	No fair value
ForCrowd Srl	20.00%	Italy	Investment	74	2018	Held at fair value
PBV Monitor	10.00%	Italy	Investment	166	2019	Held at fair value
Geosim Systems	4.53%	Israel	Investment	(330)	2018	Held at fair value
Beni Immobili Srl	15.05%	Italy	Investment	14	2014	No fair value
TLT S.P.A	0.25%	Italy	Investment	(2,476)	2016	No fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Investments (continued)

The registered office of all UK companies is: 22 Great James Street, London, England, WC1N 3ES.

The registered office for Clear Holiday Srl is Viale Francesco Restelli 1/3, Milano (MI), 20124.

The registered office for Alintak S.A. is Route d'Esch, 412F, 2086, Luxembourg.

The registered office for Mediapolis Investment S.A is Rue Val des Bons Malades 231, 2121, Luxembourg-Kirchberg.

The registered office for Sosushi Company Srl is Via Parravicini 40, Monza (MB), 20900.

The registered office for Fallimento Mediapolis Srl is Via Friuli 10, Burtolo (TO), 10010.

The registered office for ORH Spa is Via Ponte Vetero 21, Milano (MI), 20121.

The registered office for Birdland Srl is Via Quaranta 40, Milano (MI), 20139.

The registered office for Sipiem SPA is Via Mazzini 4, Rovigo (RO), 45100.

The registered office for Bibop Srl is Via Bernardo Quaranta 40, Milano (MI), 20139.

The registered office for Forcrowd Srl is Via Vincenzo Monti 52, Milano (MI), 20123.

The registered office for PBV Monitor Srl is Via Matteotti 13, Brebbia (VA), 21020.

The registered office for Geosim Systems Limited is Granit St. Petach-Tikva 4951446, Israel.

The registered office for Beni Immobili Srl is Via Torino 58, Biella (BI), 13900.

The registered office for TLT SPA is Via Trento 5, Biella (BI), 13900.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Investments (continued)

The directors have assessed the group's interests in other entities on an individual basis and come to the overall conclusions as detailed in the table below. Please see the note narrative for additional information on an entity by entity basis.

Quantum Blockchain Technologies PLC

This entity is the UK based group parent and has therefore been included in the consolidation.

Brainspark Associates Limited

This entity is a 100% owned UK incorporated subsidiary of Quantum Blockchain Technologies PLC and has been included in the consolidation.

Clear Leisure 2017 Limited

This entity is a 100% owned UK incorporated subsidiary of Quantum Blockchain Technologies PLC and has been included in the consolidation.

Milan Digital Twin Limited

This entity is a 100% owned UK company which has been incorporated on 30 December 2019 with its first accounts made up to 31 December 2020. This entity only includes unpaid share capital and has not begun operating. It has been included in the consolidation with an overall impact of nil.

London Digital Twin Limited

This entity is a 100% owned UK company which has been incorporated on 30 December 2019 with its first accounts made up to 31 December 2020. This entity only includes unpaid share capital and has not begun operating. It has been included in the consolidation with an overall impact of nil.

Clear Holiday Srl

Clear Holiday Srl is a 100% owned subsidiary of the group incorporated in Italy. However, this entity has not been consolidated on the basis that it is immaterial to the group financial statements. The balances held within the company are not with external third parties and therefore the overall impact on the accounts would be trivial.

Miner One Limited

Miner One Limited is a UK based entity, which was initially set up as a 50% joint venture with 64Bit. During the year, the other 50% shareholding has been acquired from the partner and now it is 100% owned. The entity itself was initially set up with the hope of transferring certain assets, notably a data centre located in Serbia into its possession. However, due to disputes with the previous joint venture partner this did not materialise. In 2019 this entity remained dormant and did not trade during the year. This entity only includes unpaid share capital and has not begun operating, it has been included in the consolidation with an overall impact of nil.

Alnitak S.A.

Alnitak S.A. is a 100% owned subsidiary incorporated in Luxemburg. The company itself is inactive, being kept registered mainly because of a claim filed by the former sole Director. The initial ruling, after losing the case in the first instance has been appealed by Alnitak S.A., but is similar to another claim previously won by Quantum Blockchain Technologies in the Rome court where all legal costs were settled by the claimant.

Although the entity is inactive, there is no active management in Luxemburg and therefore Quantum Blockchain Technologies has also had difficulty formally liquidating the company. The net liability position of Alnitak S.A is immaterial to the group and the balances are largely internal. Therefore, the non-consolidation of this entity is deemed to be immaterial to the group.

On 25 February 2021 Alnitak S.A. has entered a liquidation process and the Group does not expect any further assets or liabilities to arise from these proceedings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Investments (continued)

Mediapolis Investment S.A.

Mediapolis Investment S.A. is a 71.72% owned subsidiary incorporated in Luxembourg. The company itself is inactive and is not trading. Previous management failed to pay accountants and local directors for the previous six years and no financial statements have been filed for over seven years. Although this entity is inactive and

71.72% of the shares are held by the group, there is no active management in Luxembourg, and this has led to a difficulty in finalizing a liquidation.

The most recent accounts available were produced in 2010 and the main asset held by the entity is the investment of 13% of the capital in another former group company, Fallimento Mediapolis Srl, which has been liquidated. This investment is carried at approximately EUR6.6m and has been impaired to nil. Therefore, the non-consolidation of this entity is deemed to be immaterial to the group.

On 6 May 2021 Mediapolis Investment S.A. has entered a liquidation process and the Group does not expect any further assets or liabilities to arise from these proceedings.

Sosushi Company Srl

Sosushi Company Srl is a 99.3% owned entity incorporated in Italy. The company is in the process of liquidation and will be liquidated once certain ongoing legal matters have been resolved. No accounts have been approved for this company since 2014, when the process of liquidation began. Accounting information was never passed to the sole director despite several requests to the accountant. Further actions have now been taken to resolve the issues around accounting information and a new accountant has been appointed. Due to the liquidation, it is deemed that there is no control by the group over the entity and therefore the financial information for Sosushi Company Srl has not been consolidated into the group financial statements. The investment in Sosushi Company Srl is accounted at fair value through profit or loss.

On 24 June 2021, the Company received notification that Sosushi has been declared bankrupt. The Company is now considering if appeal or not.

Sosushi's bankruptcy will have no impact on the Company's balance sheet, as the receivables remain collectable, and the litigation is held via Clear Leisure 2017.

Fallimento Mediapolis Srl

Fallimento Mediapolis Srl is a 84.04% equivalent owned entity incorporated in Italy. Quantum Blockchain Technologies Plc holds directly 74.67% of the capital of the company whilst a 13% stake is held via Mediapolis Investment S.A as noted above. The company was liquidated in 2017 and therefore this is the date from which control is deemed to have been lost. Therefore, the financial information for Fallimento Mediapolis Srl has not been consolidated into the group financial statements. The investment in Fallimento Mediapolis Srl is accounted at fair value through profit or loss.

ORH S.P.A

ORH S.P.A was a 73.4% owned entity incorporated in Italy. The company was liquidated in 2013 and therefore this is the date from which control is deemed to have been lost. Therefore, the financial information for ORH S.P.A has not been consolidated into the group financial statements. The investment in ORH S.P.A is accounted at fair value through profit or loss.

Birdland Srl

Birdland Srl is a 52% owned entity incorporated in Italy. The stake in the entity is indirectly owned via Brainspark Associates Limited. The company was placed into liquidation in 2017 and therefore this is the date from which control is deemed to have been lost. Therefore, the financial information for Birdland Srl has not been consolidated into the group financial statements. The investment in Birdland Srl is accounted at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Investments (continued)

Sipiem S.P.A

Sipiem S.P.A is a 50.17% owned entity incorporated in Italy. The entity has not been trading for a number of years and has only been maintained due to the ongoing legal matters with the former directors. An amount receivable has been recognised at the group level relating to the part of the claim which is payable to Quantum Blockchain Technologies PLC. The company is now in liquidation which commenced in 2015. Therefore, this is the date from which control is deemed to have been lost. Therefore, the financial information for Sipiem S.P.A has not been consolidated into the group financial statements. The investment in Sipiem S.P.A is accounted at fair value through profit or loss.

Bibop Srl

Bibop Srl is a 36.94% equivalent owned investment in a company incorporated in Italy. Birdland Srl holds a majority stake in the capital of the company. As Birdland Srl is in liquidation the group does not control or exercise significant influence on Bipop Srl and, accordingly the company is not consolidated, or equity accounted in the group financial statements. As the investment is not held directly by the group, no value is recognised in the financial statements.

ForCrowd Srl

ForCrowd Srl is a 20% owned investment in an entity incorporated in Italy. This is a new investment which has been acquired during the year and has been recognised in the accounts at its fair value.

The value of the investment under equity accounting approximates its cost, as the associate has not started significant operations prior to 31 December 2019. Under this method the amount recognised is €132,000 (2019: €221,090).

This cost has been assessed in relation to the last (and only) equity round of the company in October 2019, in which the entire post money valuation of the company was €1,105,450, with Quantum Blockchain Technologies directly holding the 20% of such amount.

PBV Monitor Srl

PBV Monitor Srl is a 10% owned investment in an entity incorporated in Italy. The investment has been recognised in the accounts at its fair value.

The Fair Value of PBV Monitor €302,000, (2019: €300,000) has been assessed in relation to the last equity round of the company in early 2020, in which the entire post money valuation of the company was €3,020,000, with Quantum Blockchain Technologies directly holding the 10% of such amount.

The post money valuation at which the Company invested in 2018 was €340,000, which also represented the Company's valuation of PBV in Pre Covid-19 conditions. The difference between this original value and the current Fair Value is not attributable to a change of fundamentals to the business. Similarly, the progress made in 2020 has not highlighted any significant divergence from the original business plan.

The difference in the valuation is therefore attributable to lower value attributed to the company during the 2020 equity round. The key assumptions underpinning the equity round at the start of 2020 remain applicable.

The Fair Value assessment of PBV Monitor, is directly related to the company's valuation in future rounds.

Geosim Systems Limited

Geosim Systems Limited is a 4.53% owned investment in an entity incorporated in Israel. The investment has been recognised in the accounts through its fair value and is held via Brainspark Associates Limited.

The Fair Value of Geosim (€546,212, 2019: €596,045) has been assessed in relation to the last equity round of the company in 2018, in which Quantum Blockchain Technologies' 533,990 Geosim shares have been valued at \$1.25 each. The difference in the valuation between 2020 and 2019, attributable to the variance in the EUR/USD exchange rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Investments (continued)

The Fair Value assessment of Geosim is directly related to the company's valuation in future rounds and to the EUR/USD exchange rate.

Beni Immobili Srl

Beni Immobili Srl a 15.05% equivalent owned investment in an entity incorporated in Italy. The shares in this company are held via Sipiem S.P.A. No fair value is recognised for this investment as the entity has minimal net assets and the valuation would be trivial to the consolidated financial statements. Moreover, as the investment is held via Sipiem S.P.A, which is in liquidation, the investment should not be recognised as an asset.

TLT S.P.A

TLT S.P.A is a 0.25% owned investment based in Italy. No fair value is recognised for this investment as the entity has a large net liability position and due to the small shareholding, any potential valuation would be trivial to the consolidated financial statements. Moreover, as the investment is held via Sipiem S.P.A, which is in liquidation, the investment should not be recognised as an asset.

	Group		Company	
	2020	2019	2020	2019
	€'000		€'000	
At as 1 January	1,117	923	521	340
Additions	2	221	2	221
Foreign exchange	(50)	-	-	-
Impairment of investments	(89)	(27)	(89)	(40)
Carrying value at 31 December	980	1,117	434	521

An amount of €546,212 (2019: €596,045) included within Group investments held for trading is a level 3 investment and represents the fair value of 533,990 shares in GeoSim Systems Ltd. GeoSim Systems Ltd is an Israeli company seeking to establish itself as the world leader in building complete and photorealistic 3D virtual cities and in delivering them through the Internet for use in local searches, real estate and city planning, homeland security, tourism and entertainment. Quantum Blockchain Technologies owns 4.53% of GeoSim Systems Ltd.

An amount of €302,000 (2019: €300,000) included within Company investments held for trading is a level 3 investment and represents the fair value of a 10% interest in PBV Monitor Srl ("PBV"). PBV is an Italian company specialising in the acquisition and dissemination of data for the legal services industry, utilising proprietary market intelligence tools and dedicated search software. Quantum Blockchain Technologies acquired 10% of PBV in December 2018. As part of the investment agreement, Quantum Blockchain Technologies was granted a seat on the board of PBV and was appointed as exclusive advisor to PBV regarding the possible sale of PBV from 1 January 2020 for a period of four years and will be entitled to a 4% commission fee on the proceeds of any sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14. Trade and other receivables

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Trade receivables	9	5	-	-
Other receivables	4,620	6,102	40	45
Amounts owed by related parties	562	497	801	1,448
	5,191	6,604	841	1,493

Group other receivables includes an amount of €4,445,000 (2019: €4,445,000) due in relation to the ongoing Sipiem legal claim, which is unsecured, interest free and does not have fixed terms of repayment; and an amount of €132,000 (2019: €1,613,000) due in relation to the Fallimento Mediapolis Srl bankruptcy procedure.

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

15. Cash and cash equivalents

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Cash at bank and in hand	-	-	-	-
	-	-	-	-

The Directors consider the carrying amounts of cash and cash equivalents approximates to their fair value.

16. Trade and other payables

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Trade payables	124	205	124	205
Other payables	143	124	141	72
Accruals	67	67	62	62
Trade and other payables	334	396	327	339

The Directors consider that the carrying value of trade and other payables approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

17. Borrowings

	Group		Company	
	2020	2019 (restated)	2020	2019 (restated)
	€'000	€'000	€'000	€'000
Zero rate convertible bond 2015	5,197	5,142	5,197	5,142
Zero rate convertible bond 2020	3,015	-	3,015	-
Convertible loan note	-	3,691	-	3,691
Other borrowings	-	-	-	-
	8,212	8,833	8,212	8,833
Disclosed as:				
Current borrowings	-	3,691	-	3,691
Non-current borrowings	8,212	5,142	8,212	5,142
	8,212	8,833	8,212	8,833

Interest on the bonds is payable annually on 31 March each year. The bonds at 31 December 2020 include all interest accrued to that date. The unpaid interest together with accrued interest to 31 December 2020 is included within current liabilities.

On 25 March 2013 the Company issued €3,000,000 nominal value of zero rate convertible bonds at a discount of 22%. The bonds are convertible at 15p per share and have a redemption date of 15 December 2015. During 2014 the Company issued €1,885,400 zero bonds in settlement of £1,563,000 7% bonds (see above). Also €600,000 zero bonds were issued in settlement of a debt of €518,000 and €450,000 bonds were issued for cash realising €412,000 before expenses.

On 15 December 2015 the bondholders meeting approved the amendments on the Zero Rate Convertible Bond 2015, originally due on 15 December 2015; Under new terms the final maturity date of the Bond is 15 December 2017 and the interest has been reduced from 9.5% to 7%.

On 15 December 2016 the bondholders meeting approved the amendments on the Zero Rate Convertible Bond 2015, originally due on 15 December 2017; Under new terms the final maturity date of the Bond is 15 December 2018 and the interest has been reduced from 7% to 1%.

On 19 June 2018, the holders of its €9.9m Bonds agreed to extend the final maturity date of the Bonds from 15 December 2018 to 15 December 2022. The Company is now able to convert the Bonds into new ordinary shares of 0.25p each.

On 28 December 2018, bonds with a face value of €2,100,000 plus cumulative interest were converted into 50,992,826 new ordinary shares of 0.25 pence at a price of 3.76 pence per share.

On 5 October 2020, Eufingest SA agreed to extend the repayment date of all loans advanced to the company amounting to €3,375,000 and £30,000 to 31 October 2020.

On 9 November 2020 Eufingest SA agreed to convert all outstanding loans and accrued interest amounting to €3,423,707 into Zero rate convertible bond 2020. The Zero Coupon Bonds 2020 accrue interest at a rate of 2% per annum. Bondholders and convert at any time up to 15 December 2022 at a conversion price of £0.01 per share. The Zero rate convertible bond 2020 is accounted for as a financial instrument with both debt and equity characteristics. The debt element was valued using a market rate assessed by the Directors of 7.99%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

17. Borrowings (continued)

Key Assumptions

The derivative element of the Zero Coupon Bonds 2015 and the Convertible loans were valued at each year end using the Black Scholes option pricing model. The following assumptions were used at each period end.

Convertible loans

	2020	2019
Share price	N/A	0.3p
Expected life	N/A	3 years
Volatility	N/A	60%
Dividend yield	N/A	0%
Risk free interest rate	N/A	0.55%
Fair value	N/A	0.0343p

During 2020 the convertible loan were converted Zero Coupon Bonds 2020

Zero Coupon Bonds 2015

	2020	2019
Share price	0.0265p	0.3p
Expected life	3 years	3 years
Volatility	70%	60%
Dividend yield	0%	0%
Risk free interest rate	(0.03)%	0.55%
Fair value	0p	0p

18. Financial instruments

The Group's financial instruments comprise cash, investments at fair value through profit or loss, trade receivables, trade payables that arise from its operations and borrowings. The main purpose of these financial instruments is to provide finance for the Group's future investments and day to day operational needs.

The Group does not enter into any derivative transactions such as interest rate swaps or forward foreign exchange contracts, as the Group's exposure to movements in foreign exchange rates is not considered significant (see Foreign currency risk management). The main risks faced by the Group are limited to interest rate risk on surplus cash deposits and liquidity risk associated with raising sufficient funding to meet the operational needs of the business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. Financial instruments (continued)

The Board reviews and agrees policies for managing these risks and they are summarised below.

FINANCIAL ASSETS BY CATEGORY

The categories of financial assets included in the statement of financial position and the headings in which they are included are as follows:

	2020	2019
	€'000	€'000
Financial assets:		
Financial assets held at fair value through profit and loss	980	1,117
Trade and other receivables	5,191	6,604
Cash and cash equivalents	-	-
	6,171	7,721

FINANCIAL LIABILITIES BY CATEGORY

The categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2020	2019
	€'000	(restated) €'000
Financial liabilities at amortised cost:		
Trade and other payables	334	396
Borrowings	8,212	8,883
Derivative	-	121
	8,546	9,400

Financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	€'000	€'000	€'000
As at 31 December 2020			
Investments at fair value through profit or loss	-	-	980
	-	-	980
As at 31 December 2019			
Investments at fair value through profit or loss	-	-	1,117
Derivatives at fair value through profit or loss	-	(121)	-
	-	(121)	1,117

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. Financial instruments (continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instruments	Valuation technique used	Significant unobservable inputs (Level 3 only)	Inter – relationship between key unobservable inputs and fair value (level 3 only)
Investments	Based on issue of shares in the investments held by the Group and directors assessment on the recoverability of loans.	Assessment of recoverability of loan.	If loan was considered not to be recoverable this would result in the reduction in the fair value of the investment.
Derivative	Black Scholes valuation model was used to calculate value of options at the year end	Not applicable	Not applicable

The Group has adopted fair value measurements using the IFRS 7 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1: valued using quoted prices in active markets for identical assets;
- Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1;
- Level 3: valued by reference to valuation techniques using inputs that are not based on observable markets criteria.

The Level 3 investment refers to an investment in GeoSim Systems Ltd, PBV Monitor Srl, and ForCrowd Srl.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt attributable to convertible bondholders, borrowings, cash and cash equivalents, and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument disclosed in Note 2 to the financial statements.

Financial risk management objectives

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors and focuses on actively securing the Company's short- and medium-term cash flows by raising liquid capital to meet current liability obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. Financial instruments (continued)

Market price risk

The Company's exposure to market price risk mainly arises from movements in the fair value of its investments held for trading. The Group manages the investment price risk within its long-term investment strategy to manage a diversified exposure to the market. If the investments were to experience a rise or fall of 15% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by €160,000 (2019: €167,000).

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group has minimal cash balances at the reporting date (refer to Note 2 – Basis of preparation and going concern). The Group continues to secure future funding and cash resources from disposals as and when required in order to meet its cash requirements. This is an on-going process and the directors are confident with their cash flow models.

The following are the undiscounted contractual maturities of financial liabilities:

	Carrying Amount €'000	Less than 1 year €'000	Between 1 and 5 years €'000	Total €'000
As at 31 December 2020				
Trade and other payables	334	334	-	334
Borrowings	-	-	8,633	8,633
	334	334	8,633	8,967
As at 31 December 2019				
Trade and other payables	396	396	-	396
Borrowings (restated)	-	3,750	5,149	8,899
	396	4,146	5,149	9,295

Management believes that based on the information provided in Notes 2 and 3 – in the 'Basis of preparation' and 'Going concern', that future cash flows from operations will be adequate to support these financial liabilities.

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Group requires to the funds for working capital purposes.

The Group's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk. The borrowings are at fixed interest rates.

	Group		Company	
	2020	2019	2020	2019
		€'000		€'000
Fixed rate instruments				
Financial assets	6,171	7,721	1,275	2,014
Financial liabilities	8,212	8,428	8,212	8,428

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. Financial instruments (continued)

Change in interest rates will affect the Group's income statement as follows:

Group	Gain / (loss)	
	2020	2019 €'000
Euribor +0.5% / -0.5%	- / -	- / -

The analysis was applied to financial liabilities based on the assumption that the amount of liability outstanding as at the reporting date was outstanding for the whole year.

Foreign currency risk management

The Group undertakes certain transactions denominated in currencies other than Euro, hence exposures to exchange rate fluctuations arise. Amounts due to fulfil contractual obligations of £Nil (2019: £Nil) are denominated in sterling. An adverse movement in the exchange rate will impact the ultimate amount payable, a 10% increase or decrease in the rate would result in a profit or loss of £Nil (2019: £Nil). The Group's functional and presentational currency is the Euro as it is the currency of its main trading environment, and most of the Group's assets and liabilities are denominated in Euro. The parent company is located in the sterling area.

Credit risk management

The Group's financial instruments, which are subject to credit risk, are considered to be trade and other receivables. There is a risk that the amount to be received becomes impaired. The Group's maximum exposure to credit risk is €5,191,000 (2019: €6,604,000) comprising receivables during the period. About 67% (2018: 59%) of total receivables are due from a single company. The ageing profile of trade receivables was:

Group	2020		2019	
	Total book value €'000	Allowance for impairment €'000	Total book value €'000	Allowance for impairment €'000
Current	5,191	-	6,604	-
Overdue more than one year	-	-	-	-
	5,191	-	6,604	-
Company				
Current	841	-	1,493	-
Overdue more than one year	-	-	-	-
	841		1,493	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

19. Share capital and share premium

ISSUED AND FULLY PAID:	Number of ordinary shares	Number of deferred shares	Ordinary share capital €'000	Deferred share capital €'000	Share premium €'000	Total €'000
At 1 January 2019	604,152,600	199,409,377	1,760	5,467	47,038	54,265
Issue of shares	4,000,000	-	12	-	23	35
Issue of shares	54,218,847	-	158	-	63	221
At 31 December 2019	662,371,447	199,409,377	1,930	5,467	47,124	54,521
Issue of shares	-	-	-	-	-	-
At 31 December 2020	662,371,447	199,409,377	1,930	5,467	47,124	54,521

All ordinary shares carry equal rights.

The deferred shares have restricted rights such that they have no economic value.

Shares issued for the year ended 31 December 2019:

On 29 August 2019, 4,000,000 new ordinary shares of 0.25 pence per share were issued to F Gardin, in settlement of part of his 2018 remuneration.

On 3 October 2019, the Company issued 54,218,847 new ordinary shares of 0.25p as consideration for the acquisition of 20% interest in ForCrowd Srl, an Italian equity crowdfunding platform based in Milan.

20. Share based payments

The total share-based payment expense recognised in the income statement for the year ended 31 December 2020 in respect of the share options granted was €Nil (2019: €Nil).

The tables below disclose the movements in share options during the year.

Number of options at 1 Jan 2020	Granted in the year	Exercised in the year	Lapsed in the year	Number of options at 31 Dec 2020	Exercise Price, pence	Expiry date
10,000,000	-	-	10,000,000	-	N/A	N/A
3,000,000	-	-	3,000,000	-	N/A	N/A
13,000,000	-	-	13,000,000	-	N/A	N/A

Number of options at 1 Jan 2019	Granted in the year	Exercised in the year	Cancelled in the year	Number of options at 31 Dec 2019	Exercise Price, pence	Expiry date
10,000,000	-	-	-	10,000,000	1.25	31.07.2020
3,000,000	-	-	-	3,000,000	1.25	31.07.2020
13,000,000	-	-	-	13,000,000		

The remaining contractual life at 31 December 2020 is nil years (31 December 2019 – 0.5 years).

The share options have now lapsed and share based reserve has now been transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

21. Other reserves

The Group considers its capital to comprise ordinary share capital, share premium, retained losses and its convertible bonds. In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues, the Group considers not only their short-term position but also their long-term operational and strategic objectives.

Group	Merger reserve €'000	Loan note equity reserve €'000	Share option reserve €'000	Total other reserves €'000
At 1 January 2019	8,325	43	51	8,419
Transfer of reserves	-	(43)	-	(43)
At 31 December 2019	8,325	-	51	8,376
Transfer of reserves	-	-	(51)	(51)
Equity portion of convertible loan notes	-	462	-	462
At and 31 December 2020	8,325	462	-	8,787

Company	Loan note equity reserve €'000	Share option reserve €'000	Total other reserves €'000
At 1 January 2019 and 31 December 2019	-	51	51
Transfer of reserves	-	(51)	(51)
Equity portion of convertible loan notes	462	-	462
At 31 December 2020	462	-	462

Transfers to reserve relate to share based payments on share options that have now lapsed.

22. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

23. Related party transactions

Transactions between the company and its subsidiaries, which are related parties have been eliminated on consolidation, but are disclosed where they relate to the parent company. These transactions along with transactions between the company and its investment holdings are disclosed in the table below, with all amounts being presented in Euros and being owed to the Group:

Related party	2020 Group	2019 Group	2020 Company	2019 Company
Clear Leisure 2017 Limited	-	-	180,691	951,243
Sipiem S.P.A	386,697	340,017	386,697	340,017
Sosushi Company Srl	118,033	107,402	118,033	107,402
PBV Monitor Srl	-	5,000	-	5,000
Geosim Systems Limited	46,068	44,671	46,068	44,671
64-Bit Limited (JV partner)	-	-	-	-
	550,798	497,091	731,489	1,448,334

On 29 August 2019, 4,000,000 new ordinary shares of 0.25 pence per share were issued to F Gardin at a price of 0.75 pence per share, in settlement of part of his 2018 remuneration.

During the year, Metals Analysis Limited, a company in which R Eccles is a Director, charged Quantum Blockchain Technologies Plc €33,679 (2019: €49,833) for consultancy fees. The amount owed from Metals Analysis Limited at year end is €3,563 (2019: €14,631).

In 2019 the shareholder loan as disclosed in Note 17 'Borrowings' is a loan provided by Eufingest which has a 14.28% shareholding also has an outstanding loan for €3,750,000.

Included in trade and other payables is an amount of €Nil (2019; €14,427) owed to Mr F Gardin, Director.

Remuneration of key management personnel

The remuneration of the directors, who are the key personnel of the group, is included in the Directors Report. Under "IAS 24: Related party disclosures", all their remuneration is in relation to short-term employee benefits.

24. Events after the reporting date

The Company, at the beginning of the year, was notified that the Bologna Court elected to continue CL17 €1.03 million legal claim against the previous management of Sosushi through an arbitration process, which will provide a legally binding decision on the matter that formally started on 18th January 2021.

In the same period, CL17 (at the conclusion of the mandatory public bidding process), was assigned a legal claim against Mediapolis former management and internal audit committee, for a consideration of €50,000 to be deducted from the amount still receivable from the Mediapolis Bankruptcy procedure.

On 11 February 2021, the Company raised £680,000 (before expenses) through the placing of 113,333,333 new ordinary shares of 0.25p each at a price of 0.60p per share.

On 22 February 2021, the Company raised £1,000,000 (before expenses) through the placing of 100,000,000 new ordinary shares of 0.25p at a price of 1p per share to an individual investor, John Story. Mr Story was also granted 100,000,000 warrants over the Company's shares which will entitle the warrant holder to one new share at a price of 2p per share. The warrants are exercisable for a period of 2 years.

On the same date the Company issued 10,526,316 and 11,320,755 Ordinary Shares in the Company to Francesco Gardin, respectively at a price of 0.285 pence per new Ordinary Share (closing price at 31/12/2019) in settlement of £30,000 being his 2019 remuneration payable through the issue of Ordinary Shares, and at a price per share of 0.265 pence per new Ordinary Share (closing price at 31/12/2020) in settlement of £30,000 being his 2020 remuneration payable through the issue of Ordinary Shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

24. Events after the reporting date (continued)

On 14 April 2021, the Company issued a Notice of General Meeting to seek approval to:

- Amend the Company's Investing Policy to be focused on Blockchain, Cryptocurrency, Quantum Computing and AI.
- Change the Company's name from Clear Leisure to Quantum Blockchain Technologies plc.
- Authorise the granting of options to the CEO and current and future management team of the Company.
- Grant authorities to the directors to issue shares in the Company.

At the General Meeting shareholders voted to approve the above and therefore the Company changed its name to Quantum Blockchain Technologies plc.

In relation to Sipiem's legal claim, in May, the Court appointed independent expert filed his report on the economic merit of the damages suffered by Sipiem at an amount of up to €7.8 million, subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful.

In June 2021, the Company announced the launch and progress of the in-house R&D programme in respect of advanced proprietary techniques for Bitcoin mining. The Company entered into a one-year service agreement with a UK based international cryptography expert whose specialism is cryptocurrency mining blockchain optimisations. As part of the one-year service agreement, the consultant has been awarded share options over 10,000,000 new ordinary shares of 0.25 pence each in the Company at an exercise price of 5p each, which can be exercised between 15 February 2022 and 15 August 2022.

Also in June 2021, QBT announced that it increased its stake in Forcrowd to 41.17%, having purchased an additional 21.17% stake in ForCrowd held by minority shareholders for a total consideration of €34,000,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment

The comparative figures for the year ended 31 December 2019 have been restated as set out in the tables below:

Restated Group Income and Statement of Comprehensive Income for the year ended 31 December 2019

		2019	Restatement	2019
	Ref.	€'000	€'000	Restated €'000
Continuing operations				
Revenue		13	-	13
		13	-	13
Administration expenses		(1,397)	-	(1,379)
Exceptional items		-	-	-
Operating loss		(1,384)	-	(1,366)
Finance charges	B	(200)	960	760
Loss before tax		(1,584)	960	(606)
Tax		-	-	-
Loss from continuing operations		(1,584)	960	(606)
Other comprehensive (loss)				
Loss on translation of overseas subsidiaries	B	(1,584)	960	(606)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,584)	960	(606)
Earnings per share:				
Basic and fully diluted loss per share (cents)		(€0.003)	-	(€0.101)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment (continued)

Restated Group Statement of Financial Position as at 31 December 2019

	Ref.	Group 2019 €'000	Restatement 2019 €'000	Group 2019 (restated) €'000
Non-current assets				
Investments		1,117	-	1,117
Total non-current assets		1,117	-	1,117
Current assets				
Trade and other receivables		6,604	-	6,604
Cash and cash equivalents		-	-	-
Total current assets		6,604	-	6,604
Total assets		7,721	-	7,721
Current liabilities				
Trade and other payables		(396)	-	(396)
Borrowings	C	(3,750)	59	(3,691)
Derivative liability	D	-	(121)	(121)
Total current liabilities		(4,146)	(62)	(4,208)
Net current assets/(liabilities)		2,458	(62)	2,396
Total assets less current liabilities		3,575	(62)	3,513
Non-current liabilities				
Borrowings	E	(4,678)	(464)	(5,142)
Total non-current liabilities		(4,678)	(464)	(5,142)
Total liabilities		(8,824)	(526)	(9,350)
Net assets		(1,103)	(526)	(1,629)
Equity				
Share capital		7,397	-	7,397
Share premium account		47,124	-	47,124
Other reserves	21	8,376	-	8,376
Retained losses		(64,000)	(526)	(64,526)
Total equity		(1,103)	(526)	(1,629)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment (continued)

Restated Company Statement of Financial Position as at 31 December 2019

	Ref.	Company 2019 €'000	Restatement 2019 €'000	Company 2019 (restated) €'000
Non-current assets				
Investments		521	-	521
Total non-current assets		521	-	521
Current assets				
Trade and other receivables		1,493	-	1,493
Cash and cash equivalents		-	-	-
Total current assets		1,493	-	1,493
Total assets		2,014	-	2,014
Current liabilities				
Trade and other payables		(339)	-	(339)
Borrowings	C	(3,750)	59	(3,691)
Derivative liability	D	-	(121)	(121)
Total current liabilities		(4,089)	(62)	(4,151)
Net current assets/(liabilities)		(2,596)	(62)	(2,658)
Total assets less current liabilities		(2,075)	(62)	(2,137)
Non-current liabilities				
Borrowings	E	(4,678)	(464)	(5,142)
Total non-current liabilities		(4,678)	(464)	(5,142)
Total liabilities		(8,767)	(464)	(9,290)
Net (liabilities)/assets		(6,753)	(526)	(7,279)
Equity				
Share capital		7,397	-	7,227
Share premium account		47,124	-	47,124
Other reserves	21	51	-	51
Retained losses		(61,325)	(526)	(61,851)
Total equity		(6,753)	(526)	(7,279)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment (continued)

Restated Group Statement of Cash Flows for the year ended 31 December 2019

	Group 2019 €'000	Restatement 2019 €'000	Group 2019 (restated) €'000
Cash used in operations			
Loss before tax	(1,584)	960	(624)
Fair value changes in investments	27	-	27
Finance charges	200	(960)	(760)
Decrease in receivables	882	-	882
Decrease in payables	(78)	-	(78)
Net cash outflow from operating activities	(553)	-	(553)
Cash flows from financing activities			
Proceeds from borrowing	291	-	291
Interest paid	(5)	-	(5)
Net cash inflow from financing activities	286	-	286
Net decrease in cash for the year	(267)	-	(267)
Cash and cash equivalents at beginning of year	267	-	(267)
Cash and cash equivalents at end of year	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment (continued)

Restated Company Statement of Cash Flows for the year ended 31 December 2019

	Company 2019	Restatement 2019	Company 2019 (restated)
	€'000	€'000	€'000
Cash used in operations			
Loss before tax	(816)	960	144
Fair value changes in investments	40	-	40
Finance charges	200	(960)	(760)
Increase in receivables	(95)	-	(95)
Increase in payables	118	-	118
Net cash outflow from operating activities	(553)	-	(553)
Cash flows from financing activities			
Proceeds from borrowing	291	-	291
Interest paid	(5)	-	(5)
Net cash inflow from financing activities	286	-	286
Net increase in cash for the year	267	-	267
Cash and cash equivalents at beginning of year	(267)	-	(267)
Cash and cash equivalents at end of year	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

25. Prior year adjustment (continued)

Notes to prior year restatement tables

Group and Company

In previous periods the Group had incorrectly accounted for Zero Coupon Bonds 2015 and Other convertible loan notes (see note 17). Both these loans included embedded derivatives which were required to be valued at inception with the balance being amortised over the life of the loan. The embedded derivative portion of the loan was required to be valued at each year end with any change in value being included in finance income/costs in the Income statement.

Pre 1 Jan 2019 Adjustments

- A. As the above loans commenced prior to 1 January 2019 the correction also effected prior periods resulting in an additional loss of €1,486,000 being recognised in the group and company balances split between an increase in the derivative liability of €1,140,000 and an increase in the combined loan balances of €346,000.

2019 Adjustments

- B. This is the gain in the derivative element of the Zero Coupon Bond 2015 and other convertible loans of €1,019,000 less additional interest on the above loans of €59,000.
- C. This represents increase in the above loan balances as a result of the accrued interest of €59,000
- D. This represents the balance on the derivative element of the above loans as a result of the movement described in 1 above.
- E. This represents the increase in the Zero Coupon Bond balance as the result of adjustments in 2018 and accrued interest in 2019.