

Company Registration No. 03926192

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

**Annual Report and Financial
Statements for the year ended
31 December 2021**

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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 Pedeferra 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
Registrar	Share Registrars Ltd The Courtyard 17 West Street Farnham GU9 7DR

CHAIRMAN'S STATEMENT

I am pleased to present the Group's Final Results for the year ended 31 December 2021.

It has been a transformational year for the Company, setting new foundations and starting to build new perspectives for the future. On this basis, the Company's name changed from Clear Leisure to **Quantum Blockchain Technologies Plc** ("QBT" or the "Company").

The new strategy (approved by shareholders at the General Meeting held on 6 May 2021) focused on addressing the goal of cheaper and faster Bitcoin mining as a result of advanced Research and Development ("R&D") on Quantum Computing, Artificial Intelligence, and state of the art ASIC chip design. The Company believes there are tangible and disruptive optimisations that can be made at multiple levels within the end-to-end Bitcoin mining process. This led to QBT launching an intense **in-house R&D programme** aimed at creating advanced proprietary techniques for Bitcoin mining, with the primary goal to encounter and exploit new important efficiencies of the mining process.

We believe QBT's approach differs from other crypto currency miners. Our choice has been driven by the consideration that the current crypto-currency mining sector is a very "capital intensive" market, due to the never-ending necessity of continuously updating the miners' fleet. We aim to disrupt this market feature, changing it into "knowledge intensive" with the Company occupying a leading position by exploiting special features that we are discovering within the BTC mining algorithm to unlock faster and cheaper mining processes.

The first milestone in implementing the above strategy has been the setup of an excellent R&D team comprising nearly 20 experts selected from across the UK and the EU, including highly skilled professionals, PhD students and university professors with expertise in Quantum Computing, Machine Learning, Cryptography and Algorithm Optimisation Theory.

The R&D team is working on the following promising research areas:

- Quantum Computing
- Cryptographic Optimisation
- Deep Learning and Artificial Intelligence ("AI")
- Field-programmable gate array ("FPGA") / application-specific integrated circuit ("ASIC") Design
- Algebraic and Boolean Equation Reduction
- Very Large Big Data
- High performance computing architectures

The R&D team delivered its first important accomplishment in September 2021, when the Company filed the patent application for the ASIC UltraBoost. The ASIC UltraBoost is an improvement of the Bitcoin mining process, which eliminates redundant computation of a key part of the Bitcoin mining algorithm, resulting in a faster and more efficient mining process as it reduces the number of operations across the three iterations of SHA256 by approximately 7%.

The Company is also working on other patent applications, including an update of the ASIC UltraBoost and another patent application derived from the work of the AI and Quantum Computing team.

At the same time, a number of Bitcoin algorithm core architectures for an FPGA chip have been selected. Initial tests have been strategically performed on an FPGA chip to keep the testing cost low. As a result, the Company is now in a much better position to assess the performance projection of its SHA256 Bitcoin mining architectures options, before transferring this solution over to an ASIC chip. Moreover, access to ASIC synthesis tools allows early assessment of final performance on different nanometres ("nm") scales, including the 5nm current Company target.

As announced in November 2021, a non-disclosure agreement was signed with an international research & development organisation, which is active in the field of nanoelectronics, to give the Company access to one of the few 5nm semiconductor fabrication plants currently operational in the world.

CHAIRMAN'S STATEMENT (continued)

QBT is researching multiple alternative routes to cheaper and faster Bitcoin mining. On this note it is also important to mention that the initial internal assessment shows promising results for other research areas. For instance, early experimental applications of **AI techniques** to multiply by several factors the speed of computing the Bitcoin mining algorithm, which would make even an FPGA chip a competitive Bitcoin mining tool. Should this route be successful, the same principle could apply to ASIC, materially improving the performance of already existing machines, and most importantly it would represent a quick way to commence the mining operations.

Furthermore, the Company's Quantum Computing internal team has explored two main Quantum Computing paradigms: quantum annealing, and logic qubits based quantum algorithms. While tests confirm the theoretical quantum supremacy nature of the approach, namely orders of magnitude compared to classic computers to compute SHA-256, the quantum hardware technology is still evolving to become practically usable. Meanwhile the Company intends to secure patents to protect the algorithms developed, while waiting for quantum computers to become available with enough computing elements of a quality required for sustainable quantum computations.

To support the R&D activity, QBT purchased **advanced computing facilities** in a data center in Northern Italy, which include Computer Processing Units ("CPUs") with more than 256 cores, Graphics Processing Units ("GPUs") in excess of 55,000 cores, two top of the range FPGA, several Terabytes of Random-Access Memory ("RAM") and 2 Petabytes of storage for Very Large Big Data to be analysed. Moreover, cloud access to a quantum computer and other cloud computing facilities makes the development environment a state-of-art IT development platform for QBT's R&D Team.

Investments in R&D during the year under review, since the launch of the programme in mid-2021, amount altogether to €406,000, of which €164,000 has been invested in hardware equipment supporting R&D and €226,000 in costs related to cloud services and consultants.

The launch of this new strategy has been facilitated by the £3.3m (before expenses) in funds raised by the Company during the year under review via two equity placings and pursuant to the exercise of most of the warrants granted to the Company's investor as part of the second 2021 placing announced on 22 February 2021.

As a strong motivational element to deliver results under the new strategy, the Company issued 237.5m share options to its directors and staff at prices of 5p and 10p per new ordinary share of 0.25 pence each in the Company ("Ordinary Shares") being a premium of 61% and 222% of the share price as of 31 December 2021).

Finally, in respect of its "Legacy Assets", the Company, via its wholly owned subsidiary Clear Leisure 2017 Limited ("CL17") continues to pursue the legal claim against the previous management and internal audit committee of Sipiem in Liquidazione S.p.A's ("Sipiem"). A crucial step forward was achieved during the year: in May 2021 the Venice Court appointed independent expert valued damages suffered by Sipiem at up to €7.8m (subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful). Furthermore, in November 2021, the Judge granted CL17's request to file additional relevant documentation giving evidence of further damages of up to €1m, which the Court appointed independent expert did not previously take into consideration, bringing the value of the claim up to €8.8m.

CL17 is also continuing its claim against Sosushi S.r.l.'s ("Sosushi") former management team, valued at €1.03m, and assessing the launch of a €20m legal action against Mediapolis S.p.A's ("Mediapolis") previous management and internal audit committee. For accounting purposes these claims carry a fair value of €4.4m.

In June 2021 the Company increased its stake in Forcrowd S.r.l ("Forcrowd") to 41.17%. Moreover, in December 2021, Forcrowd concluded its first equity crowdfunding campaign (104% overfunded) for Make Me Srl.. With this first success, Forcrowd will soon start hosting mini-bond campaigns looking with confidence for new projects to finance.

PBV Monitor S.r.l ("PBV") continued its focus on enlarging its editorial and directory business and finding new partnerships for its intelligence service, while Geosim System Ltd ("Geosim") continued working on the completion of 3D Reality Model for a major North American airport.

CHAIRMAN'S STATEMENT (continued)

In conclusion, the business re-positioning completed in 2021 has not been easy but pushed the Company back into a growth trajectory. The first results of this new strategy are already promising, although they represent only a fraction of what QBT hopes and intends to achieve going forward.

In the meantime, we are also pleased and proud of having returned value to our long-term shareholders, as QBT's share price increased by an astonishing 1070% during 2021, making us the best performing share on AIM in 2021.

Financial Review

The Group reported a total comprehensive loss of €5,396,000 for the year ended 31 December 2021 (2020: €1,208,000) and a loss before tax of €5,449,000 (2020: €1,208,000). Operating losses for the period were €4,970,000 (2020: €1,087,000).

Included within administrative expenses are charges relating to the recognition of share options totaling €2,622,000 (2020: nil) and within finance costs are charges for the revaluation of derivatives totaling €143,000 (2020: €126,000). The increase of these items is strictly dependent on the high volatility of the Company's share price during 2021, used for the calculation according to the relevant accounting standards.

The undiluted Net Asset Value ("NAV") of the Group has decreased by €601,000 in 2021, compared to an increase of €2.5m in 2020. The Group had Net Current Liabilities of €3.9m as at 31 December 2021 (2020: assets of €4.9m), a decrease of €8.8m.

Post-Balance Sheet Events

On 11 January 2022, the Company received £700,000 (before expenses) resulting from the exercise of 35 million warrants over 35 million new Ordinary Shares at a price of 2p each. Similarly, £350,000 (before expenses) was received on 31 March, as a result of the exercise of 17.5 million warrants over 17.5 million new Ordinary Shares at a price of 2p each.

On 30 March 2022, the Company called a Bondholders Meeting, with regard to the Zero-Coupon Bond originally issued in 2013 ("Bond") which was held on 21 April 2022, to seek Bondholders' approval to extend the maturity date of the Bond from December 2022 to 15 December 2024 and change the conversion price of the Bond into the Company's new Ordinary Shares from 15p to 5p.

On 6 April 2022, QBT also announced it had agreed with MC Strategy S.A. (an Eufingest S.A. demerged Company), the sole bondholder of the €3.5m 2020 Zero Coupon Bond to extend its maturity date from 15 December 2022 to 15 December 2024.

On 21 April 2022, at the Bondholder's meeting all resolutions were passed.

On 5 May 2022, the Company provided an update regarding Sipiem court proceedings. Following the 4th May 2022 Court Hearing, the parties have now 60 days to file their final written arguments and then a further 20 days to file their written replies. The Company expects the Court to pass its final judgement by the end of 2022.

On 23 May 2022, QBT provided an update on the In-house R&D Programme and its recent findings. On this note, the Company announced the launch of experimental Bitcoin mining using proprietary knowledge-based algorithms.

Outlook

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

- i) continuing focusing on its R&D programme, which is providing promising and consistent results;
- ii) investing in the technology sector (both in direct and indirect manner);
- iii) managing of the legacy portfolio assets, where positive outcomes are expected from claims of the Company; and
- iv) further reduction of the debt position (if and when the conditions are deemed appropriate).

CHAIRMAN'S STATEMENT (continued)

The Board remains positive as the technology investments are deemed sound and promising, and the legal claims have strong merit with counterparties that are expected to be solvent.



Francesco Gardin
Chairman
29 June 2022

DIRECTORS' PROFILES

Francesco Gardin

Chief Executive Officer & Chairman

Francesco Gardin, 67, born in Rovigo, Italy, graduated in Theoretical Physics at Padova University in 1979, before undertaking a UK Government research project at University of Exeter, 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 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 a director of almost fifty companies in Italy, UK, USA, Israel, Hong Kong, China, Singapore, Mauritius and Jersey. From 1984 to 2014, he was a Research Associate Professor at Udine, Milano and Siena University lecturing in 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, 76, 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 a 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 has held senior positions at a number of investment banks including establishing a global network of mining analysts and sales 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 2021.

Review of the business and developments during the year

During the year under review, the Company changed its name and its business strategy:

- in April 2021, the Company issued a General Meeting notice to:
 - change the Company's investing policy;
 - change the Company's name to Quantum Blockchain Technologies Plc.; and
 - 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.

Shares option plans approved by Shareholders:

- By a vote the General Meeting held on 6 May 2021, Prof Francesco Gardin, the Company's CEO and Chairman, has been awarded following share options:

Options Granted	Exercise Period	Exercise Price (p)
100,000,000	06/05/2022 – 06/05/2026	5
100,000,000	06/05/2023 – 06/05/2026	10

- Between June and September 2021, the Company had awarded members and consultants of the R&D Team the following share options:

Options Granted	Exercise Period	Exercise Price (p)
2,500,000.00	06/05/2022 – 06/05/2024	5
5,000,000.00	06/05/2022 – 06/05/2025	5
5,000,000.00	06/05/2022 – 06/05/2026	5
10,000,000.00	15/02/2022 - 15/08/2022	5
5,000,000.00	06/05/2023 – 06/05/2025	10
5,000,000.00	06/05/2023 – 06/05/2026	10

- In December 2021, QBT awarded the Non-Executive Director, Mr Reginald Eccles, share options as follows:

Options Granted	Exercise Period	Exercise Price (p)
5,000,000.00	Anytime until 01/12/2026	10

With regard to new Ordinary Shares issued by the Company during the financial year under review:

- On 11 February, the Company raised £680,000 (before expenses) through the placing of 113,333,333 new Ordinary Shares at a price of 0.60 pence per share.
- On 22 February, the Company raised £1,000,000 (before expenses) through the placing of 100,000,000 new Ordinary Shares at a price of 1 pence per share to an individual investor, Mr John Story. Mr Story was also granted 100,000,000 warrants over 100,000,000 new Ordinary Shares exercisable at a price of 2 pence per new Ordinary Share until 26/02/2023.
- In October QBT issued 17,500,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of 17,500,000 warrants of the 100,000,000 warrants granted to Mr John Story, raising £350,000 (before expenses).

STRATEGIC REPORT (continued)

- In December the Company issued 30,000,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of 30,000,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £600,000 (before expenses).

After the launch of the Company's new investing policy QBT has regularly provided updates on milestones achieved and its R&D progress:

- In June 2021, the Company notified shareholders of the launch and progress of its 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.
- In July 2021, QBT announced that it has entered into an agreement to use the Leap™ quantum cloud service from D-Wave Systems Inc. to develop cryptography algorithms for crypto currency mining.
- In August 2021, the Company announced it had assembled its R&D Team with several experts, including highly skilled professionals, PhD students and university professors, with expertise in, Quantum Computing, Machine Learning, Cryptography and Algorithms Optimisation Theory, divided in the following research areas:
 - i) Quantum Computing,
 - ii) Cryptographic Optimisation,
 - iii) Deep Learning and Artificial Intelligence ("AI"),
 - iv) FPGA / ASIC Design,
 - v) FPGA / ASIC Design,
 - vi) Very Large Big Data, and
 - vii) High performance computing architectures.
- At the same time, the Company completed the design and purchase of an extremely advanced IT infrastructure, Computer Processing Units ("CPUs") with more than 256 cores, Graphics Processing Units ("GPUs") in excess of 55,000 cores, two top of the range FPGA, several Terabytes of Random-Access Memory ("RAM") and 2 Petabytes of storage for Very Large Big Data to be. The cloud access to a quantum computer and other cloud computing facilities have provided a suitable IT development environment and platform for QBT's R&D Team.
- In September 2021, QBT announced that it had filed a patent application for the ASIC UltraBoost, an improvement of the Bitcoin mining process reducing the number of operations across the 3 iterations of SHA256 by approximately 7% following research work of its cryptography expert.
- In October 2021, the Company provided an update on the further progress of its R&D programme that a number of Bitcoin algorithm core architectures for an FPGA chip had been selected. Initial tests were strategically performed on an FPGA chip in order to keep testing cost low, although the team plans to transfer this solution over to an ASIC chip.
- Furthermore, QBT's R&D team also worked on an alternative SHA256 computing approach. The joint effort of the members of the AI team and the Company's FPGA expert, could improve the current FPGA hash rate by a multiple factor, making mining by the slower FPGA chip potentially competitive against the best-in-class ASIC chip.

STRATEGIC REPORT (continued)

- In November 2021, the Company announced that it was targeting the more efficient 5nm ASIC, rather than a 7nm ASIC. The rationale is that the estimated speed of QBT's proprietary Bitcoin mining 5nm ASIC is expected to be at least twice as fast as the leading international Bitcoin miner manufacturer. A Non-Disclosure Agreement has been signed with an international research and development organization, which is active in the field of nanoelectronics which provided the Company access to one of the few 5nm semiconductor fabrication plants currently operational in the world.

Legacy assets:

- Regarding Sipiem in Liquidazione S.Pa. ("Sipiem"), the Company, via its wholly owned subsidiary Clear Leisure 2017 Limited ("CL17") continued pursuing the claim against Sipiem's previous management and internal Audit Committee. As announced in May 2021, the Venice Court appointed independent expert valued damages suffered by Sipiem up to €7.8m (subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful).
- Furthermore, in November 2021, the Judge of the Venice Court, granted Plaintiff's request to file additional relevant documentation giving evidence of further damages up to €1m, which the Court appointed independent expert did not previously take into consideration, bringing the total estimated value of the claim up to €8.8m, subject to the Judge ruling that the conduct of Sipiem's former board and internal audit committee was unlawful.
- With regard to Sosushi S.r.l. ("Sosushi"), CL17 is also continuing the claim against Sosushi S.r.l. ("Sosushi")'s former management, valued €1.03m. As announced in January 2021, the Bologna Court has elected to continue the legal claim against the previous management of Sosushi through an arbitration process. The arbitration process commenced on 18 January 2021 with the Company notifying the Chairman of the Monza Guild of Accountants requesting to appoint three independent chartered accountants to preside over the arbitration process. The arbitration process will conclude with a legally binding decision on the matter.
- Regarding Mediapolis S.p.A. ("Mediapolis"), in January the Company announced that mandatory public bidding process held in front of a notary in Turin has been completed and the potential claim against Mediapolis' former executive and internal audit committee (valued at up to €20m) has been assigned to CL17. The consideration of €50,000 will be deducted from the balance yet to be paid to the Company (€182,068) by the Mediapolis' receiver following the sale of the Mediapolis' land.
- Regarding Forcrowd S.r.l. ("Forcrowd"), in June 2021 the Company announced it had increased its stake in the investee to 41.17%. In June 2021 the Company also announced that Forcrowd was due to launch a new equity crowdfunding campaign for MakeMe Srl, an Italian innovative start-up which operates in the recruitment sector. The campaign was successfully closed later in December 2021.
- In respect of Geosim Systems Limited ("Geosim"), as announced in June 2021, Geosim has spent 2021 focusing on completion of the First Phase of the development of a 3D Reality Model for a major North American airport.
- In respect of PBV Monitor S.r.l. ("PBV"), as per the Company's announcement in June 2021, PBV focused on efficient marketing of its intelligence service to law firms and inhouse legal counsels, whilst consolidating its editorial partnerships in Italy to print and sell sectorial printed directories and establishing new relationships, especially in the USA during 2021.

Sale of investments

The Company did not dispose of any assets during 2021 (2020: nil).

STRATEGIC REPORT (continued)

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

The Directors believe they have acted in the way they considered in good faith, that would most likely to 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 the legal duties but also engage with, and have regard for, all its stakeholders when taking decisions. The Group has a number of key stakeholders that 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 make.

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 regularly engages 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, and 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 on 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, 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 of delivering shareholder 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.

Regulatory Bodies Although the Company is not itself directly regulated, it operates within a regulated environment (e.g. 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.

STRATEGIC REPORT (continued)

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 to. During the year, the Group continued to fund its existing portfolio of investee companies as well as provide investment into a new investee company. 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 19 July 2021, Mr Reginald Eccles was re-elected as Director of the Company.

Events after the reporting date

During the first months of 2022, the Company has been involved in the following:

- In January the Company issued 35,000,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of 35,000,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £700,000 (before expenses).
- In March the Company issued 17,500,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of remaining 17,500,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £350,000 (before expenses).
- In March QBT announced the call of a Bondholders Meeting with regard to the 2015 Zero Coupon Bond (previously 2013 Zero Coupon Bond) to be held on 21 April, to seek bondholders' approval to extend the maturity date of the bond from December 2022 to December 2024 and change the conversion price into the Company's new Ordinary Shares from 15p to 5p. On 21 April, at the Bondholder's meeting all resolution were passed.
- In April, QBT also announced it had agreed with MC Strategy S.A. (an Eufingest S.A. demerged Company), the sole bondholder of the €3.5m 2020 Zero Coupon Bond to extend the maturity date of from December 2022 to December 2024.
- In May, regarding the Sipiem claim held by CL17, the Company announced that following the Court Hearing dated 4 May, parties were given 60 days to file their final written arguments and another 20 days to file their written replies. The Company expects the Court to pass its final judgement by the end of 2022.
- Also in May, QBT provided an update on the In-house R&D Programme and recent findings. On this note, the Company announced the launch of the experimental Bitcoin mining using knowledge-based algorithms.

Principal Risks and Uncertainties

The Group's investments as at 31 December 2021 were all unlisted. 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 analysis (mainly due to the second tranche of a settlement agreement) but the Directors consider that the amount will be sufficient to meet operating expenditure over the next 12 months. This is covered further in the Going concern section of this report and Note 3 to the financial statements.

As the Company focuses more on improving existing practices to accelerate bitcoin mining, risks arise in relation to the development of the product. These risks arise in regard to developing the product to a marketable stage and eventually bringing it to market. The risks are mitigated through the Board's strong knowledge of the market and the finished product being a new, innovative addition to the industry.

Key performance indicators ("KPIs")

The key performance indicators are set out below:

	31 December 2021	31 December 2020 (restated)	Change %
Net asset value	(€2,824,000)	(€2,223,000)	27%
Closing share price	3.100p	0.265p	1,070%
Market capitalisation	€34,840,404	€1,914,704	1,720%

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 with regard to financial risk management are contained in Note 20 to the financial statements.

Results for the year and dividends

The loss for the year was €5,396,000 (2020: loss of €1,208,000). Since the Group does not have any distributable reserves, the Directors are not recommending the payment of a dividend.

Going concern

The Group's activities generated a loss of €5,396,000 (2020: €1,208,000) and had net current liabilities as at 31 December 2021 of €3,863,000 (2020: net current assets of €4,857,000). 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.

In January 2022, the Company received £700,000 (before expenses) through the exercise of warrants.

STRATEGIC REPORT (continued)

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.

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.

By order of the Board.



Francesco Gardin
Director
29 June 2022

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

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 interactive media, blockchain and AI sectors.

Activities in the field of research and development

In the current year, the Company launched an intense in-house Research and Development programme in respect of advanced proprietary techniques for Bitcoin mining, with the primary goal to encounter and exploit new important efficiencies of the mining process.

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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 have any beneficial interests 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 2021 and 31 December 2020 were as follows:

Directors	31 December 2021 (0.25p ordinary shares)	Holding %	31 December 2020 (0.25p ordinary shares)
Francesco Gardin	29,284,149	3.10%	12,437,078

The closing market price of the Quantum Blockchain Technologies new ordinary shares of 0.25p each at 31 December 2021 was 3.1p and the highest and lowest closing prices during the year were 3.85p and 0.26p respectively.

DIRECTORS' REPORT (continued)**Remuneration**

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

	2021	2020	2021	2020
	Board fees	Remuneration	Total	Total
	€'000	€'000	€'000	€'000
Executive Directors				
Reginald Eccles	71	56	71	56
Francesco Gardin	454	267	454	267
Total	525	323	525	323

None of the Directors had any pension entitlement.

Directors' interests in share options and warrants

Details of directors' share options are as follows:

	At 1	Granted	Exercised	At 31	Exercise	Date from	Expiry date
	January			December	date	which	
	2021			2021		exercisable	
Executive Directors							
Francesco Gardin	Nil	100,000,000	Nil	100,000,000	N/A	06/05/2022	06/05/2026
Francesco Gardin	Nil	100,000,000	Nil	100,000,000	N/A	06/05/2023	05/05/2026
Reginald Eccles	Nil	5,000,000	Nil	5,000,000	N/A	01/12/2021	01/12/2026
Total	Nil	205,000,000	Nil	205,000,000			

Significant shareholders

As at 24 June 2022, 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:

SHAREHOLDER	Number of Ordinary Shares	%
HARGREAVES LANSDOWN (NOMINEES) LIMITED	303,267,066	30.40
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	177,232,940	17.77
HSDL NOMINEES LIMITED	113,637,398	11.39
EUFINGEST SA	86,279,102	8.65
VIDACOS NOMINEES LIMITED	59,386,231	5.95
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	56,297,571	5.64
LAWSHARE NOMINEES LIMITED	41,021,190	4.11

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 under 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 investing 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 in 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 available 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 Nominated Advisor and 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 on charity giving, 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 need for 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 the Company's website (in the Board of Directors section) and within the Annual Reports.</i></p> <p><i>For matters relating to the 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.</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.</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 notifications 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 and 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's financial statements in accordance with International Accounting Standards as adopted in the United Kingdom ("UK adopted 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 UK adopted IFRS has 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
29 June 2022

Independent auditor's 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 26 to 28 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 and/or our component teams. 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 which comprise:

- the Group income statement and statement of comprehensive income;
- the Group statement of financial position;
- the Parent Company statement of financial position;
- the Group statement of changes in equity;
- the Parent Company statement of changes in equity;
- the Group and Parent Company statement of cash flows; and
- the related Group and Parent Company Notes 1 to 28.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2021 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with applicable law and International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS");
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Basis for qualified opinion

Investment in GeoSim Systems Ltd

The investment disclosed in note 15 in relation to GeoSim Systems Ltd for an amount of €587,000 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 15, 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.

Employment taxes in respect of Quantum Blockchain Technologies plc

The company pays directors remuneration on the basis of signed contracts for services in place with both directors. During our audit work, we have become aware about the risk that the company may have to apply payroll taxes to the payments made to the directors to either UK or overseas tax authorities. This would also depend on the tax residency status of the directors.

However, notwithstanding the audit procedures performed on the matters, we did not obtain adequate information and sufficient appropriate evidence to assess the employment tax position of the company which may result in a material adjustment to other liabilities in respect of the current and previous financial years and corresponding adjustments to the retained losses and expenses for the periods concerned.

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	<p>The overall materiality that we used for the Group financial statements was €96,500 (2020: €85,450), which was determined as 0.98% of total liabilities (2020: 1.02%).</p> <p>The overall materiality for the Parent Company financial statements was €87,000 (2020: €76,900), which was determined as 1% of total liabilities but capped at 90% of Group materiality (2020: 1.08%).</p> <p>Performance materiality was set at 60% (2020: 60%) of materiality for both the Group and Parent.</p>
Scope	<p>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.</p> <p>The Group consists of four reporting components, three 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. The overseas subsidiary, QBT R&D Srl was subject to specified procedures at the Group level due to the extent of balances and transactions contained within it.</p> <p>Material subsidiaries were determined based on:</p> <ol style="list-style-type: none"> 1) financial significance of the component to the Group as a whole, and 2) assessment of the risk of material misstatements applicable to each component. <p>Our audit scope results in all major operations of the Group being subject to audit work.</p>
Key audit matters	<p>In addition to the matters described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:</p> <ul style="list-style-type: none"> • Classification and valuation of bonds • Contingencies and existence of litigation and claims • 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 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.

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 the Key Audit Matters to be communicated in our report.

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>
How the scope of our audit responded to the key audit matter	<p>Our work over the classification and valuation of bonds included, but was not limited to:</p> <ul style="list-style-type: none"> • 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 via the review of the contracts that underpin the instruments. Subsequently, we verified the appropriateness of the respective accounting treatment adopted. • 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. • We tested and formed an opinion on the appropriateness of management inputs into the valuation calculations. • We reviewed the market interest rate for the new bond in 2020 and 2021 and the Black Scholes model inputs for the conversion option of one of the convertible bonds that is separately accounted as a derivative. • We also verified the accuracy of the retrospective restatement relating to the treatment of the historic external financing arrangements.
Key observations	<p>We identified an error in the calculation which resulted in a prior year adjustment of €152,000 after which we concluded that management judgements, estimates and accounting for the bonds were then appropriate.</p>

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 as to the total amount receivable.</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>Our work over contingencies and existence of litigation and claims included, but was not limited to:</p> <ul style="list-style-type: none"> • 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. • We reviewed and discussed each claim with management and understood their basis for the treatment of each claim. • 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. • We considered the presentation and measurement of the assets under litigation. • We assessed whether the appropriate disclosures regarding the nature of the claims have been adequately disclosed in the financial statements.
Key observations	<p>We concluded that the assets arising from litigation claims were only recognised when their recovery was virtually certain and the assets could be reliably measured.</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> <p>In particular, the Group has not consolidated the subsidiary Alnitak S.A. as the directors consider its inclusion to be immaterial to the consolidated financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>Our work over the accuracy of accounting for Group entities included, but was not limited to:</p> <ul style="list-style-type: none"> • Assessment of each investment held by the Group in other entities against the definition of control set out in IFRS 10. • 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. • 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 15. • We obtained from management their updated assessment of the non-consolidation of the Alnitak S.A. • We challenged management as to any further information obtained during 2021 or post year end that supported their conclusions. • Management provided legal representation that Alnitak S.A 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	<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; • Mediapolis Investment S.A., as outlined in our basis of qualified opinion section. <p>In terms of Alnitak S.A, 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.</p>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	€96,500 (2020: €85,450)	€87,000 (2020: €76,900)
How we determined it	0.98% of total liabilities (2020: 1.02%)	1% of total liabilities, capped at 90% of Group materiality (2020: 1.08%)
Rationale for the benchmark applied	We consider total liabilities to be the most appropriate benchmark for materiality given that the company is largely associated with raising finance for investment and operating purposes which then creates a corresponding liability, both in terms of bonds and loans raised.	The Parent Company constitutes the majority of the Group's operations and holds the external debt. Therefore, in line with Group materiality, the most appropriate benchmark is total liabilities as this is the most important area to the users of the financial statements.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group and the Parent Company performance materiality was set at 60% of Group and Parent Company materiality respectively for the 2021 audit. In determining performance materiality, we considered our understanding of the entity, including the quality of the control environment and whether we were able to rely on controls, and the nature, volume and size of uncorrected misstatements in the previous period.

We agreed with management that we would report to them all audit differences in excess of €4,825 (2020: €3,000) for the Group as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to management on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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

Except for the possible effects of matters described in the basis for qualified opinion section of our report, 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

Except for the matters described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and 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 the employment taxes, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

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

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement, as set out on page 22, 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 the 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed included:

- 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 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.
- Reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Other matters which we are required to address

The Board approved our appointment as auditor for the year ended 31 December 2021. The period of total uninterrupted engagement including this year, previous renewals and reappointments of the firm is 3 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

The appointment of MHA MacIntyre Hudson for subsequent financial years will be subject to approval by the shareholders at each Annual General Meeting.

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
29 June 2022

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Continuing operations			
Revenue		9	12
		<u>9</u>	<u>12</u>
Administrative expenses	7	(4,985)	(1,123)
Other income		6	24
		<u>(4,970)</u>	<u>(1,087)</u>
Operating loss		(4,970)	(1,087)
Share of loss from equity-accounted associates	8	(33)	-
Finance costs	9	(446)	(121)
		<u>(5,449)</u>	<u>(1,208)</u>
Loss before tax		(5,449)	(1,208)
Tax	12	53	-
		<u>(5,396)</u>	<u>(1,208)</u>
		<u>(5,396)</u>	<u>(1,208)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,396)	(1,208)
		<u>(5,396)</u>	<u>(1,208)</u>
Earnings per share:			
Basic loss per share (cents)	13	€0.621	€0.182
Diluted loss per share (cents)	13	€0.354	-
		<u>€0.354</u>	<u>-</u>

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	Group 2021 €'000	Group 2020 (restated) €'000	Company 2021 €'000	Company 2020 (restated) €'000
Non-current assets					
Property, plant and equipment	14	164	-	-	-
Investments	15	664	848	298	434
Investments in equity-accounted associates	8	211	132	-	-
Total non-current assets		1,039	980	298	434
Current assets					
Trade and other receivables	16	4,905	5,191	665	841
Cash and cash equivalents	17	1,039	-	1,035	-
Total current assets		5,944	5,191	1,700	841
Total assets		6,983	6,171	1,998	1,275
Current liabilities					
Trade and other payables	18	(329)	(334)	(354)	(327)
Borrowings	19	(8,365)	-	(8,365)	-
Derivative financial instruments	20	(1,113)	-	(1,113)	-
Total current liabilities		(9,807)	(334)	(9,832)	(327)
Net current (liabilities)/assets		(3,863)	4,857	(8,132)	514
Total assets less current liabilities		(2,824)	5,837	(7,834)	948
Non-current liabilities					
Borrowings	19	-	(8,060)	-	(8,060)
Total non-current liabilities		-	(8,060)	-	(8,060)
Total liabilities		(9,807)	(8,394)	(9,832)	(8,387)
Net liabilities		(2,824)	(2,223)	(7,834)	(7,112)
Equity					
Share capital	21	8,221	7,397	8,221	7,397
Share premium account	21	49,442	47,124	49,442	47,124
Other reserves	23	11,409	8,787	3,084	462
Retained losses		(71,896)	(65,531)	(68,581)	(62,095)
Total equity		(2,824)	(2,223)	(7,834)	(7,112)

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 €5,517,000 (2020: loss of €447,000).

**GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONTINUED)**

The financial statements were approved by the board of directors and authorised for issue on 29 June 2022, 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 2021

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total equity €'000
At 1 January 2020	7,397	47,124	8,376	(64,526)	(1,629)
Prior year adjustment (note 28)	-	-	-	152	152
At 1 January 2020 (restated)	7,397	47,124	8,376	(64,374)	(1,477)
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 (restated)	7,397	47,124	8,787	(65,531)	(2,223)
Total comprehensive loss for the year	-	-	-	(5,396)	(5,396)
Grant of warrants	-	-	-	1,447	1,447
Exercise of warrants	119	831	-	(2,416)	(1,466)
Issue of shares	705	1,487	-	-	2,192
Grant of share options	-	-	2,622	-	2,622
At 31 December 2021	8,221	49,442	11,409	(71,896)	(2,824)

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. Included within retained losses are movements relating to the grant, exercise, and fair value movement of the warrants issued during the year.
Other reserves	consist of three reserves, as detailed in Note 23, 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 reporting date.

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

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total €'000
At 1 January 2020	7,397	47,124	51	(61,851)	(7,279)
Prior year adjustment (note 28)	-	-	-	152	152
At 1 January 2020 (restated)	7,397	47,124	51	(61,699)	(7,127)
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 (restated)	7,397	47,124	462	(62,095)	(7,112)
Total comprehensive loss for the year	-	-	-	(5,517)	(5,517)
Grant of warrants	-	-	-	1,447	1,447
Exercise of warrants	119	831	-	(2,416)	(1,466)
Issue of shares	705	1,487	-	-	2,192
Grant of share options	-	-	2,622	-	2,622
At 31 December 2021	8,221	49,442	3,084	(68,581)	(7,834)

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. Included within retained losses are movements relating to the grant, exercise, and fair value movement of the warrants issued during the year.
Other reserves	consist of two reserves, as detailed in Note 23, 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 reporting 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 2021

	Note	Group 2021 €'000	Group 2020 €'000	Company 2021 €'000	Company 2020 €'000
Cash used in operations					
Loss before tax		(5,449)	(1,208)	(5,570)	(447)
Impairment of investments	15	167	89	200	89
Share of post-tax losses of equity accounted associates	8	33	-	-	-
Non cash foreign exchange movements	15	(41)	50	-	-
Finance charges	9	305	247	305	247
Decrease /(increase) in receivables	16	340	1,417	230	655
(Decrease) /increase in payables	18	(5)	(61)	27	(10)
Loss /(gain) on derivatives		143	(121)	143	(121)
Share based payments		2,694	-	2,694	-
Net cash outflow from operating activities		(1,813)	413	(1,971)	413
Cash flows from investing activities					
Purchase of investments	15	(54)	(2)	(64)	(2)
Purchase of property, plant and equipment	14	(164)	-	-	-
Net cash outflow from investing activities		(218)	(2)	(64)	(2)
Cash flows from financing activities					
Proceeds from borrowing		-	150	-	150
Repayment of borrowings		-	(561)	-	(561)
Proceeds from capital issue		3,070	-	3,070	-
Net cash (outflow)/inflow from financing activities		3,070	(411)	3,070	(411)
Net increase in cash for the year		1,039	-	1,035	-
Cash and cash equivalents at beginning of year		-	-	-	-
Cash and cash equivalents at end of year	17	1,039	-	1,035	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 13.

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 United Kingdom adopted international accounting standards ("UK adopted IFRS") 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.

The Group has adopted the 'interest rate benchmark reform' phase 1 in the current year. This has not had a material impact on the Group financial statements.

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 2024 and is not yet adopted in the United Kingdom.

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 adopted in the United Kingdom.

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 2021 (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 adopted in the United Kingdom.

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 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 2023 and is not yet adopted in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 adopted in the United Kingdom.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(issued in 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 adopted in the United Kingdom.

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 2021 (CONTINUED)

2. Accounting policies (continued)

On consolidation, the results of overseas operations are translated into euros 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.

Investments in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

In the year ended 31 December 2020, the investment in ForCrowd Srl was carried at cost, which was not materially different to its fair value at that time. The prior year figures have been restated to move this investment so that it is shown within investments in equity-accounted associates in the Statement of Financial Position.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Accounting policies (continued)

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.

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.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	25% on cost
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit or loss.

Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Accounting policies (continued)

Financial instruments

Classification and measurement

The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value through profit or loss (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 20. 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. 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.
- 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. For trade receivables, where there is no significant financing component, fair value is normally the transaction price. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Accounting policies (continued)

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

Interest-bearing borrowings are initially recorded at fair value net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2. Accounting policies (continued)

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, share option 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 share option reserve represents the cumulative amounts charged to the profit or loss in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual
- 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 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.

Research and development costs

Development costs are recognised as an asset only when all of the following criteria are met:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) its intention to complete the intangible asset and use or sell it.
- (c) its ability to use or sell the intangible asset.
- (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The research and development expenditure that does not meet the recognition criteria are not capitalised and are recognised as an expense as incurred, as shown in note 7.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 15, along with sensitivities in Note 20.

Going Concern

The Group's activities generated a loss of €5,396,000 (2020: loss of €1,208,000) and had net current liabilities of €3,863,000 as at 31 December 2021 (2020: net assets of €4,857,000). 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.

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.

4. Segment information

The Directors are of the opinion that under IFRS 8 - "Operating Segments" 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5. Staff costs

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Staff costs during the period including directors comprise:				
Wages and salaries	555	373	555	373
Social security costs and pension contributions	3	2	3	2
Share options expense	2,622	-	2,622	-
	3,180	375	3,180	375

6. Directors' emoluments

	2021 €'000	2020 €'000
Aggregate emoluments	525	323
Share options expense	2,444	-
	2,969	323

Remuneration of the highest paid Director was €327,000 (2020: €267,000).

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

7. Expenses by nature

	2021 €'000	2020 €'000
Directors' emoluments	2,969	323
Employee emoluments	210	80
Professional and legal fees	441	419
Audit fees	50	38
Administrative expenditure	156	174
Impairment of assets	769	89
Fundraising fees	192	-
Research and development costs	198	-
	4,985	1,123

With regard to the total R&D expenditure, as of 31 December 2021 the Company also purchased property, plant and equipment for €164,000 (see note 14). Further expenditure occurred at the beginning of 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8. Investments in associates

The Group has a 41.17% equity interest in ForCrowd Srl.

Summarised financial information of the Group's share in this associate is as follows:

	2021	2020 (restated)
	€'000	€'000
Loss from continuing operations	(33)	-
Total comprehensive loss	(33)	-
Aggregate carrying amount of the Group's interests in this associate	211	132

In the prior year, this investment was carried at fair value through profit or loss and was categorised on the Statement of Financial Position with other non-current investments. The investment is now presented under investments in equity-accounted investments and the comparative has been restated accordingly. The difference in value between accounting at fair value through profit or loss and equity accounting is immaterial.

9. Finance (costs)/income

	2021	2020
	€'000	€'000
(Loss)/gain on derivatives	(143)	126
Interest on convertible bonds	(305)	(247)
Other gains or losses	(4)	-
Interest received	6	-
	(446)	(121)

10. Auditor's remuneration

	2021	2020
	€'000	€'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	50	28
Non audit services:		
Other services (tax)	-	10
Subsidiary Auditor's remuneration		
Other services pursuant to legislation	-	-
	50	38

11. Employee numbers

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
The average number of Company's employees, including directors during the period was as follows:				
Management and administration	3	4	3	4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

12. Taxation

	2021 €'000	2020 €'000
Current taxation	(53)	-
Deferred taxation	-	-
Tax charge for the year	(53)	-

The Group has a potential deferred tax asset of €7,775k arising from €31,100k of unutilised trading losses, capital losses, and management expenses available for carry forward and relief against future taxable profits. The deferred tax asset has been measured at 25% (2020: 19%) being the rate substantially enacted at the year end. 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 losses are as follows:	2021 €	2020 €
Trading losses	1,461,436	-
Management expenses	18,803,688	18,506,562
Non trade loan relationship deficits	1,487,350	1,473,816
Capital losses	8,359,975	8,282,901

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 19% (2020: 19%). The standard rate of Research and Development Tax credit is 14.5% of the enhanced R&D expenditure. The actual rate for the current and previous year varies from the standard rate for reasons set out in the following reconciliation:

Continuing operations	2021 €'000	2020 €'000
Loss for the year before tax	(5,449)	(1,208)
Tax on ordinary activities at standard rate	(1,035)	(229)
Effects of:		
Expenses not deductible for tax purposes	751	65
Foreign taxes	-	-
R&D enhancement	(39)	-
R&D claimed	70	-
Losses brought forward claimed	(10)	-
Tax losses available for carry forward against future profits	263	164
Total tax	-	-
Enhanced R&D expenditure	368	-
Total tax repayable at the R&D tax credit rate	53	-

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 2021 (CONTINUED)

13. 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, warrants and convertible loans outstanding during the period.

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

	2021			2020		
	Profit/ (Loss)	Weighted average no. of shares	Per share amount	Profit/ (Loss)	Weighted average no. of shares	Per share amount
	€'000	000's	Euro Cent	€'000	000's	Euro Cent
Basic earnings per share						
Continuing operations	(5,396)	869,339	(0.621)	(1,208)	662,371	(0.182)
Total operations	(5,396)	869,339	(0.621)	(1,208)	662,371	(0.182)
Fully diluted earnings per share						
Continuing operations	(5,328)	1,503,440	(0.354)	-	-	-
Total operations	(5,328)	1,503,440	(0.354)	-	-	-

14. Tangible fixed assets

Group	Computers €'000	Total €'000
Cost		
At 1 January 2021	-	-
Additions	164	164
At 31 December 2021	164	164
Depreciation and impairment		
At 1 January 2021	-	-
Eliminated in respect of disposals	-	-
At 31 December 2021	-	-
Carrying amount		
At 31 December 2021	164	164
At 31 December 2020	-	-

No depreciation has been charged in the year as the computer was still in the construction stage of completion.

The tangible fixed assets relate in full to the Group's IT infrastructure dedicated to the R&D programme.

The Parent Company held no tangible fixed assets during the years ended 31 December 2020 and 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. Investments

The significant entities for which the Group owns shares, including the parent company, held at 31 December 2021 were as follows:

Group Companies	Ownership	Country	Company Status	Net Assets/(Liabilities) €,000	Date of latest accounts	Treatment
Brainspark Associates Ltd	100.00%	UK	Trading	(36,255)	2020	Consolidated
Clear Leisure 2017 Ltd	100.00%	UK	Trading	(49)	2020	Consolidated
QBT R&D Srl	100.00%	Italy	Incorporated in 2021	N/A	N/A	Consolidated
Milan Digital Twin Ltd	100.00%	UK	Dormant	Nil	2020	Consolidated
London Digital Twin Ltd	100.00%	UK	Dormant	Nil	2020	Consolidated
Miner One Ltd	100.00%	UK	Dormant	Nil	2020	Consolidated
Clear Holiday Srl	100.00%	Italy	Dormant	10	2014	Not 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	41.17%	Italy	Investment	74	2018	Equity-accounting
ClassFinance in Liquidazione Srl	20.00%	Italy	Investment	(104)	2018	No 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 2021 (CONTINUED)

15. Investments (continued)

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

The registered office for QBT R&D Srl is Via Mazzini 38, Rovigo (RO), 45100.

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

The registered office for Alnitak S.A. is L-1212, Luxembourg, 3, Rue de Bains.

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 38, 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 Class Finance Srl is Via Conservatorio 30, 20122, Milan.

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 2021 (CONTINUED)

15. 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.

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.

QBT R&D Srl

This entity is a 100% owned subsidiary of the group incorporated in Italy which has been incorporated on 7 July 2021 with its first accounts made up to 31 December 2021. This entity has been included in the consolidation.

Milan Digital Twin Limited

This entity is a 100% owned UK incorporated subsidiary of Quantum Blockchain Technologies PLC. 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 incorporated subsidiary of Quantum Blockchain Technologies PLC. 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 100% owned UK based entity. 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 2021 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 Luxembourg. The entity remained inactive during 2021 and in February 2022 it was discontinued following the conclusion of a liquidation process begun on 25 February 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. 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 in previous years. 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 was a 99.3% owned entity incorporated in Italy.

On 24 June 2021, the Company received notification that Sosushi has been declared bankrupt.

Sosushi's bankruptcy does not 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 was a 84.04% equivalent owned entity incorporated in Italy. Quantum Blockchain Technologies Plc held directly 74.67% of the capital of the company whilst a 13% stake was 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.

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.

Birdland Srl

Birdland Srl was a 52% owned entity incorporated in Italy. The stake in the entity was indirectly owned via Brainspark Associates Limited. The company was discontinued on 28 December 2020 following a liquidation process commenced during 2017. Therefore, the financial information for Birdland Srl has not been consolidated into the group financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. Investments (continued)

Bibop Srl

Bibop Srl was a 36.94% equivalent owned investment in a company incorporated in Italy that was held via Birlad Srl. As Birlad Srl was liquidated the group does not control or exercise significant influence on Bibop 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 41.17% owned investment in an entity incorporated in Italy. The group has determined that it holds significant influence over this associate given the voting rights arising from its shareholding. Consequently, this investment has been categorised in the accounts within "Investments in equity-accounted associates" and is carried in the accounts at the Group's share of the associate's net assets, with the Group's share of the profit or loss and other comprehensive income of the associate being brought into the Group's results for the year.

Previously, this investment was categorised in the financial statements within "Investments" and hence has been re-categorised in the year ended 31 December 2021.

ClassFinance in Liquidazione Srl

ClassFinance in Liquidazione Srl is a 20% owned investment of the group incorporated in Italy. No fair value is recognised for this investment as the entity has not been trading for a number of years. The company was placed into liquidation in 2015. The investment in ClassFinance in Liquidazione Srl is accounted at fair value through profit or loss.

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 fair value through profit or loss.

The Fair Value of PBV Monitor (€77,000, 2020: €302,000) has been assessed in relation to the last equity round of the company in January 2022, in which the entire post money valuation of the company was €770,000, 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 since 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 2022 equity round. The key assumptions underpinning the equity round at the start of 2022 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 (€587,000, 2020: €546,000) 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. Investments (continued)

Beni Immobili Srl

Beni Immobili Srl is 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 has not been 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	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
At as 1 January	848	896	434	521
Additions	-	2	64	2
Fair value decrease	(225)	-	(200)	(89)
Foreign exchange	41	(50)	-	-
Carrying value at 31 December	664	848	298	434

An amount of €587,000 (2020: €546,000) 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 €77,000 (2020: €302,000) 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 2021 (CONTINUED)

16. Trade and other receivables

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Trade receivables	58	9	-	-
Other receivables	4,769	4,620	144	40
Amounts owed by related parties	78	562	521	801
	4,905	5,191	665	841

Group other receivables includes an amount of €4,445,000 (2020: €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 (2020: €132,000) 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.

17. Cash and cash equivalents

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Cash at bank and in hand	1,039	-	1,035	-
	1,039	-	1,035	-

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

18. Trade and other payables

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Trade payables	128	124	126	124
Other payables	91	143	91	141
Accruals	110	67	137	62
Trade and other payables	329	334	354	327

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 2021 (CONTINUED)

19. Borrowings

	Group		Company	
	2021	2020 (restated)	2021	2020 (restated)
	€'000	€'000	€'000	€'000
Zero rate convertible bond 2015	5,100	5,045	5,100	5,045
Zero rate convertible bond 2020	3,265	3,015	3,265	3,015
	8,365	8,060	8,365	8,060
Disclosed as:				
Current borrowings	8,365	-	8,365	-
Non-current borrowings	-	8,060	-	8,060
	8,365	8,060	8,365	8,060

Interest on the bonds is payable annually on 31 March each year. The bonds at 31 December 2021 include all unpaid interest and interest accrued to that date.

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 can 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%.

In April 2022, QBT agreed with the sole bondholder of the €3.5m 2020 Zero Coupon Bond to extend the maturity date from December 2022 to December 2024.

Also, with regard to the 2015 Zero Coupon Bond, via a Bondholders' meeting held on 21 April 2022, the Company extended the maturity date from 15 December 2022 to 15 December 2024 and amended the conversion price into Company's new ordinary shares from 15p to 5p.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

19. Borrowings (continued)

Key Assumptions

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

Zero Coupon Bonds 2015

	2021	2020
Share price	3.100p	0.265p
Expected life	1 year	3 years
Volatility	130%	70%
Dividend yield	0%	0%
Risk free interest rate	0.76%	(0.03)%
Fair value	0.4p	0.0p

20. Financial instruments

The Group's financial instruments comprise cash, investments at fair value through profit or loss, investments in equity-accounted associates, 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.

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:

	2021 €'000	2020 €'000
Financial assets:		
Financial assets held at fair value through profit and loss	664	848
Investments in equity-accounted associates	211	132
Trade and other receivables	4,862	5,191
Cash and cash equivalents	1,039	-
	6,776	6,171

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20. Financial instruments (continued)

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:

	2021 €'000	2020 (restated) €'000
Financial liabilities at amortised cost:		
Trade and other payables	353	334
Borrowings	8,365	8,060
Derivative	1,113	-
	9,831	8,394

Financial instruments measured at fair value:

	Level 1 €'000	Level 2 €'000	Level 3 €'000
As at 31 December 2021			
Investments at fair value through profit or loss	-	-	664
	-	-	664
As at 31 December 2020			
Investments at fair value through profit or loss	-	-	980
	-	-	980

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.

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 and PBV Monitor Srl.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20. Financial instruments (continued)

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.

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 €97,000 (2020: €160,000).

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 2021				
Trade and other payables	329	329	-	329
Borrowings	8,365	8,365	-	8,365
Derivative financial instruments	1,113	1,113	-	1,113
	9,807	9,807	-	9,807
As at 31 December 2020				
Trade and other payables	334	334	-	334
Borrowings (restated)	8,060	-	8,060	8,060
	8,394	334	8,060	8,394

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20. Financial instruments (continued)

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	
	2021	2020 (restated) €'000	2021	2020 (restated) €'000
Fixed rate instruments				
Financial assets	4,845	6,171	605	1,275
Financial liabilities	8,718	8,060	8,743	8,060

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

Group	Gain / (loss)	
	2021 €'000	2020 €'000
Euribor +0.5% / -0.5%	+5 / -5	-/-

The analysis was applied to cash and cash equivalents based on the assumption that the amount of asset as at the reporting date was available 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 £208,000 (2020: £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 £21,000 (2020: £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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20. Financial instruments (continued)

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 €4,905,000 (2020: €5,191,000) comprising receivables during the period. About 91% (2020: 67%) of total receivables are due from a single company. The ageing profile of trade receivables was:

	2021		2020	
	Total book value €'000	Allowance for impairment €'000	Total book value €'000	Allowance for impairment €'000
Group				
Current	4,905	-	5,191	-
	4,905	-	5,191	-
Company				
Current	665	-	841	-
	665	-	841	-

21. 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 2020	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
Issue of shares	282,680,404	-	824	-	2,318	3,142
At 31 December 2021	945,051,851	199,409,377	2,754	5,467	49,442	57,663

All ordinary shares carry equal rights.

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

22. Share based payments

On 14 April 2021, Francesco Gardin, a director, was granted options to subscribe for 100,000,000 new ordinary shares in the Company at an exercise price of 5 pence per share. The options are exercisable for the period between 6 May 2022 and 6 May 2026. Francesco Gardin was also granted options to subscribe for 100,000,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 6 May 2023 and 6 May 2026.

On 2 June 2021, a consultant was granted options to subscribe for 10,000,000 new ordinary shares in the Company at an exercise price of 5 pence per share. The options are exercisable for the period between 15 May 2022 and 15 August 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22. Share based payments (continued)

On 27 September 2021, an employee was granted options to subscribe for 5,000,000 new ordinary shares in the Company at an exercise price of 5 pence per share. The options are exercisable for the period between 6 May 2022 and 6 May 2025. The same employee was also granted options to subscribe for 5,000,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 6 May 2023 and 6 May 2025. Another employee was granted options to subscribe for 5,000,000 new ordinary shares in the Company at an exercise price of 5 pence per share. The options are exercisable for the period between 6 May 2022 and 6 May 2026. The second employee was also granted options to subscribe for 5,000,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 6 May 2023 and 6 May 2026. A third employee was granted options to subscribe for 2,500,000 new ordinary shares in the Company at an exercise price of 5 pence per share. The options are exercisable for the period between 6 May 2022 and 6 May 2024.

On 15 December 2021, Reginald Eccles, a director, was granted options to subscribe for 5,000,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 1 December 2021 and 1 December 2026.

The total share-based payment expense recognised in the income statement for the year ended 31 December 2021 in respect of the share options granted was €2,622,000 (2020: €Nil).

The significant inputs to the model in respect of the options granted during the year were as follows:

	5p	10p
Share price	1.175p - 3.100p	1.175p - 3.050p
Expected life	1 - 3 years	3 years
Volatility	130%	130%
Dividend yield	0%	0%
Risk free interest rate	0.76%	0.76%
Fair value	0.4p – 2.1p	0.5p – 1.7p

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

Number of options at 1 Jan 2021	Granted in the year	Exercised in the year	Lapsed in the year	Number of options at 31 Dec 2021	Exercise Price, pence	Expiry date
–	105,000,000	–	–	105,000,000	5.00	06.05.2026
–	105,000,000	–	–	105,000,000	10.00	06.05.2026
–	10,000,000	–	–	10,000,000	5.00	15.08.2022
–	5,000,000	–	–	5,000,000	5.00	06.05.2025
–	5,000,000	–	–	5,000,000	10.00	06.05.2025
–	2,500,000	–	–	2,500,000	5.00	06.05.2024
–	5,000,000	–	–	5,000,000	10.00	01.12.2026
–	237,500,000	–	–	237,500,000		

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

23. 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 2020	8,325	-	51	8,376
Transfer of reserves	-	-	(51)	(51)
Equity portion of convertible loan notes	-	462	-	462
At 31 December 2020	8,325	462	-	8,787
Grant of share options	-	-	2,622	2,622
At 31 December 2021	8,325	462	2,622	11,409

Company	Loan note equity reserve €'000	Share option reserve €'000	Total other reserves €'000
At 1 January 2020	-	51	51
Transfer of reserves	-	(51)	(51)
Equity portion of convertible loan notes	462	-	462
At 31 December 2020	462	-	462
Grant of share options	-	2,622	2,622
At 31 December 2021	462	2,622	3,084

24. Warrants

On 22 February, the Company raised £1,000,000 (before expenses) through the placing of 100,000,000 Ordinary Shares at a price of 1 pence per share to an individual investor, Mr John Story. Mr Story was also granted 100,000,000 warrants over 100,000,000 new Ordinary Shares exercisable at a price of 2 pence per Ordinary Shares until 26/02/2023.

In October QBT issued 17,500,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of 17,500,000 warrants of the 100,000,000 warrants granted to Mr John Story, raising £350,000 (before expenses). In December the Company issued 30,000,000 new Ordinary Shares at a price of 2 pence per share, following the exercise of 30,000,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £600,000 (before expenses).

At the year-end date, 52,500,000 outstanding warrants were held by Mr Story and these were valued at €969,000 at the year end. This amount is included within 'Derivative Financial Instruments' in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

25. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

26. 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	2021 Group	2020 Group	2021 Company	2020 Company
Clear Leisure 2017 Limited	-	-	132,067	180,691
QBT R&D Srl	-	-	311,389	-
Sipiem S.P.A	-	386,697	-	386,697
Sosushi Company Srl	-	118,033	-	118,033
PBV Monitor Srl	22,609	-	22,609	-
Geosim Systems Limited	55,156	46,068	55,156	46,068
	77,765	550,798	521,221	731,489

During the year, Quantum Blockchain Technologies Limited made sales totalling €4,000 (2020: €Nil) to QBT R&D Srl.

During the year, QBT R&D Srl made sales totalling €27,500 (2020: €Nil) to Quantum Blockchain Technologies Limited.

During the year, Metals Analysis Limited, a company in which R Eccles is a Director, charged Quantum Blockchain Technologies Plc €66,000 (2020: €53,000) for consultancy fees. The amount owed to Metals Analysis Limited at year end is €3,000 (2020: €4,000).

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.

27. Events after the reporting date

During the first months of 2022, the Company has been involved in the following:

In January the Company issued 35,000,000 new Shares at a price of 2 pence per share, following the exercise of 35,000,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £700,000 (before expenses).

In March the Company issued 17,500,000 new Shares at a price of 2 pence per share, following the exercise of 17,500,000 warrants of the 100,000,000 warrants granted to Mr John Story, receiving £350,000 (before expenses).

In April, QBT agreed with the sole bondholder of the €3.5m 2020 Zero Coupon Bond to extend the maturity date from December 2022 to December 2024.

Also, with regard to the 2015 Zero Coupon Bond, via a Bondholders' meeting held on 21 April 2022, the Company extended the maturity date from 15 December 2022 to 15 December 2024 and amended the conversion price into Company's new ordinary shares from 15p to 5p.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)****27. Events after the reporting date**

On 11 February 2022, Alnitak S.A., a 100% owned subsidiary was liquidated following the conclusion of a liquidation process which begun on 25 February 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28. Prior year adjustment

The comparative figures for the year ended 31 December 2020 have been restated as set out in the tables below:

Restated Group Statement of Financial Position as at 1 January 2020

	Ref.	Group 1 Jan 2020 €'000	Restatement 1 Jan 2020 €'000	Group 1 Jan 2020 (restated) €'000
Non-current assets				
Investments	B	1,117	-221	896
Investments in equity-accounted investments	B	-	221	221
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		(3,691)	-	(3,691)
Derivative liability		(121)	-	(121)
Total current liabilities		(4,208)	-	(4,208)
Net current assets/(liabilities)		2,396	-	2,396
Total assets less current liabilities		3,513	-	3,513
Non-current liabilities				
Borrowings	A	(5,142)	152	(4,990)
Total non-current liabilities		(5,142)	152	(4,990)
Total liabilities		(9,350)	152	(9,198)
Net assets		(1,629)	152	(1,477)
Equity				
Share capital		7,397	-	7,397
Share premium account		47,124	-	47,124
Other reserves		8,376	-	8,376
Retained losses	A	(64,526)	152	(64,374)
Total equity		(1,629)	152	(1,477)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28. Prior year adjustment (continued)

Restated Company Statement of Financial Position as at 1 January 2020

	Ref.	Company 1 Jan 2020 €'000	Restatement 1 Jan 2020 €'000	Company 1 Jan 2020 (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		(3,691)	-	(3,691)
Derivative liability		(121)	-	(121)
Total current liabilities		(4,151)	-	(4,151)
Net current assets/(liabilities)		(2,658)	-	(2,658)
Total assets less current liabilities		(2,137)	-	(2,137)
Non-current liabilities				
Borrowings	A	(5,142)	152	(4,990)
Total non-current liabilities		(5,142)	152	(4,990)
Total liabilities		(9,293)	152	(9,141)
Net (liabilities)/assets		(7,279)	152	(7,127)
Equity				
Share capital		7,397	-	7,397
Share premium account		47,124	-	47,124
Other reserves		51	-	51
Retained losses	A	(61,851)	152	(61,699)
Total equity		(7,279)	152	(7,127)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28. Prior year adjustment (continued)

Restated Group Statement of Financial Position as at 31 December 2020

	Ref.	Group 31 Dec 2020 €'000	Restatement 31 Dec 2020 €'000	Group 31 Dec 2020 (restated) €'000
Non-current assets				
Investments	B	980	-132	848
Investments in equity-accounted associates	B	-	132	132
Total non-current assets		980	-	980
Current assets				
Trade and other receivables		5,191	-	5,191
Cash and cash equivalents		-	-	-
Total current assets		5,191	-	5,191
Total assets		6,171	-	6,171
Current liabilities				
Trade and other payables		(334)	-	(334)
Borrowings		-	-	-
Derivative financial instruments		-	-	-
Total current liabilities		(334)	-	(334)
Net current assets/(liabilities)		4,857	-	4,857
Total assets less current liabilities		5,837	-	5,837
Non-current liabilities				
Borrowings	A	(8,212)	152	(8,060)
Total non-current liabilities		(8,212)	152	(8,060)
Total liabilities		(8,546)	152	(8,394)
Net assets		(2,375)	152	(2,223)
Equity				
Share capital		7,397	-	7,397
Share premium account		47,124	-	47,124
Other reserves		8,787	-	8,787
Retained losses	A	(65,683)	152	(65,531)
Total equity		(2,375)	152	(2,223)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28. Prior year adjustment (continued)

Restated Company Statement of Financial Position as at 31 December 2020

	Ref.	Company 31 Dec 2020 €'000	Restatement 31 Dec 2020 €'000	Company 31 Dec 2020 (restated) €'000
Non-current assets				
Investments		434	-	434
Total non-current assets		434	-	434
Current assets				
Trade and other receivables		841	-	841
Cash and cash equivalents		-	-	-
Total current assets		841	-	841
Total assets		1,275	-	1,275
Current liabilities				
Trade and other payables		(327)	-	(327)
Borrowings		-	-	-
Derivative financial instruments		-	-	-
Total current liabilities		(327)	-	(327)
Net current assets/(liabilities)		514	-	514
Total assets less current liabilities		948	-	948
Non-current liabilities				
Borrowings	A	(8,212)	152	(8,060)
Total non-current liabilities		(8,212)	152	(8,060)
Total liabilities		(8,539)	152	(8,387)
Net (liabilities)/assets		(7,264)	152	(7,112)
Equity				
Share capital		7,397	-	7,397
Share premium account		47,124	-	47,124
Other reserves		462	-	462
Retained losses	A	(62,247)	152	(62,095)
Total equity		(7,264)	152	(7,112)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28. Prior year adjustment (continued)

Notes to prior year restatement tables

Group and Company

In previous periods, the Group had incorrectly accounted for the Zero Coupon Bonds 2015 and these were subject to a prior year adjustment in the year ended 31 December 2020 as detailed in the accounts. Following renegotiations in December 2018, this loan included a redemption premium which was required to be amortised over the life of the loan, with annual charges included in finance costs in the Income Statement. The initial accounting for this was incorrect.

Pre 1 January 2020 Adjustments

- A. The fair value of the loan recognised at the outset has been reduced by €152,000, representing a change in the underlying value of the Zero Coupon Bond 2015, with the corresponding credit recognised in retained losses. This error relates to an incorrect calculation in the prior year adjustment in the year ended 31 December 2020. This correction has had no material impact on the Income Statement and Statement of Comprehensive Income of the year ended 31 December 2020.
- B. As disclosed in Note 8, the Group investment in ForCrowd Srl has been reclassified in the Statement of Financial Position to show as investments in equity-accounted associates. This reclassification has had no material impact on the Income Statement and Statement of Comprehensive Income of the year ended 31 December 2020.