

21 September 2022

**Quantum Blockchain Technologies plc**  
("Quantum Blockchain Technologies", "the Group" or "the Company")

**INTERIM RESULTS**  
**For the six months ended 30 June 2022**

Quantum Blockchain Technologies plc (AIM: QBT) announces its unaudited interim results for the six months ended 30 June 2022.

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**About Quantum Blockchain Technologies Plc**

QBT (AIM: QBT) is an AIM listed investment company which has recently realigned its strategic focus to technology related investments, with special regard to Quantum computing, Blockchain, Cryptocurrencies and AI sectors. The Company has commenced an aggressive R&D and investment programme in the dynamic world of Blockchain Technology, which includes cryptocurrency mining and other advanced blockchain applications.

## Chairman's Statement

During the first six months of 2022, the Company continued working on its new research and development ("R&D") strategy focused on finding disruptive and advanced proprietary techniques especially for Bitcoin ("BTC") mining.

At the same time, the Company continued to deal with its Legacy Assets, especially the litigations which although no longer forming part of the core business of the Company, continue to represent potentially important financial assets and therefore they are being dealt with in a careful and logical manner.

The Company's main strategy now is to invest in building its own BTC miner utilising all the optimisations, enhancements and discoveries which have been developed by the Company's R&D teams. On this note, the Company is now working with two independent partners to conduct verification tests on the performance of its prototype application-specific integrated circuit chip ("ASIC"). The current plan is to produce a variety of working prototypes based on 12nanometer("nm") or 7nm ASIC chips (which are significantly less expensive to produce than the 5nm ASIC chip) in order to produce empirical results which will provide an educated and confident estimate of the performance of the 5nm ASIC chips.

Assuming these prototype verification tests corroborate QBT's own findings, the Company will launch the production of its mining machines based on the 5nm ASIC which, at the moment, is intended for internal use only.

The Company can report that its R&D teams have started delivering the first results of its in-house R&D programme. The first milestone was filing the ASIC Ultraboost patent application in late 2021, an improvement by the Cryptography team of the Bitcoin mining process which eliminates redundant computations of a key part of the Bitcoin mining algorithm, potentially resulting in a faster and more efficient bitcoin mining process as it reduces the number of operations across the three iterations of SHA-256 algorithm by approximately 7%. The patent has not been granted as of today's date.

As announced on 11 March 2022, the Quantum Computing R&D team has developed a quantum version of a BTC mining algorithm, centered on qubit-based quantum computation, using quantum logic gates, simulated on a reduced-sized SHA-256 algorithm, while waiting for the number of qubits available on the next generation of commercial quantum computers (expected to be released into the market in 2023) which the Company expects to be sufficient to sustain full SHA-256 computation.

The Deep Learning & Artificial Intelligence R&D team has also delivered some interesting results by applying Machine Learning and data analysis tools to the Company's existing Big Data database of block-solving computations. This led to the development of the two "knowledge-based" algorithms (called "Method A" and "Method B") controlling the SHA-256 computation.

Through a series of internal trial mining tests, Method "A" has improved the performance in speed and energy consumption significantly compared to existing crypto mining hardware, although measurements on current difficulty are not yet available.

To determine the success of the "Method B", the Company will need the availability of the proprietary ASIC chip. Theoretical analysis has shown a material improvement in speed and energy consumption with respect to current commercial ASIC chips and given the relevance of the theoretical improvements, the Company is assessing the use of GPU and FPGA chip technology, to carry out empirical tests.

Relevant patent applications will be filed in due course when deemed appropriate, according to internal analysis and assessments.

Investments in R&D during the period under review, amounted to €347,000, of which €111,000 has been invested in hardware equipment supporting R&D and €236,000 in costs related to cloud services and consultants.

On the Legacy Assets side, the main progress is related to the claim against the previous management and internal audit committee of Sipiem in Liquidazione S.p.A's ("Sipiem Claim") assessed by the independent court appointed third-party expert to be valued at up to €7.8m and held by Clear Leisure 2017 Ltd ("CL17"), a wholly owned subsidiary of the Company. As all the procedural steps have now been completed, the Venice Court is expected to provide its final judgement on the Sipiem Claim by the end of 2022.

The claim against Sosushi's previous management in Italy ("Sosushi Italian Claim"), also held by CL17, is currently continuing an arbitration process and is expected to conclude by the end of this year. Our defence in response to proceedings brought by previous Sosushi directors and shareholders in the English courts against the Company, ("Sosushi UK Claim"), has been successful, and the claimants discontinued their €1.7m legal claim against the Company. Following an English court order enforced in Italy, the claimants have paid the Company approximately €77,000 towards legal costs sustained in defence of the claim. Further legal costs and damages may still be awarded to the Company following a final hearing to assess the quantum of the Company's counterclaim for, amongst other things, loss of profit which remains ongoing.

With regard to the other Legacy Assets, being the investments in Geosim Systems Ltd, PBV Monitor srl and Forcrowd srl, each investee company continues to pursue the goal of a stable growth within the respective market.

During the period under review, the Company raised a total of £1.05m pursuant to the exercise of 52,500,000 warrants issued as part of the placing announced on 22 February 2021.

On 6 April 2022, the Company announced it had renegotiated the date of maturity of the €3.5m Zero-Coupon Bond ("New Bond") issued in 2020 with the sole bondholder to 15 December 2024. Additionally, at the Bondholder Meeting held on 21 April 2022, the Company extended the maturity of the Zero-Coupon Bond also to 15 December 2024 and amended the conversion price from 15 pence to 5 pence. The extension of the maturity date for both bonds improves the current net asset position of the Group (see financial review below).

In conclusion, although the Company is still dealing with some Legacy Assets (related to litigations and previous investments), QBT's focus is fully on the technology side of the business, with an extensive team of researchers aiming on delivering a novel solution to mining BTC.

## **Financial Review**

The Group reported a total comprehensive loss for the period to 30 June 2022 of €2.8 million (30 June 2021: loss €1.1m). The operating loss for the period was €2.1m (30 June 2021: operating loss €714,000).

Included within administrative expenses are charges relating to the recognition of share options totaling €1.3m(2021: nil) and within finance costs are charges for the revaluation of derivatives totaling €700k (2021: nil). The increase of these items is strictly dependent on the volatility of the Company's share price during the first half of 2022, used for the calculation according to the relevant accounting standards.

Without the impact of these two "accounting" elements the total comprehensive loss for the period to 30 June 2022 would have been €799,000 and the operating loss for the period was €803,000.

At 30 June 2022, the Group net liabilities had improved to €2.1 million, compared to net liabilities of €2.8 million at 31 December 2021. As a result of the extension of the maturity dates of the Company's bonds as described above, net current assets of the Group also improved during the period under review, to €6 million, compared to net current liabilities of €3.8 million at 31 December 2021

## **Post 30 June 2022 Events**

On 16 August 2022, the Company announced with great sadness that Mr Reginald Eccles, independent Non-Executive Director of the Company had passed away. As a result, the Company had only one remaining director and was therefore not able to meet its obligations under the Companies Act and trading in the Company's shares on AIM was temporarily suspended.

Trading was restored on 12 September when the Company announced the appointment of Mr Peter Fuhrman as independent Non-Executive Director. The Company has committed to appoint a further non-executive director to its board within the next three months.

Peter has extensive experience in high-technology, semiconductors, finance, and investment industries. Currently, Peter is chairman and chief executive of China First Capital which advises on and invests in the technology sector with expertise, inter alia, in China's semiconductor industry, advanced manufacturing, robotics, precision automation, nano-positioning and photonics. He is also a strategic adviser on advanced technologies and market expansion to the board and chairman of one of China's largest listed high-technology manufacturing companies and to one of Germany's largest semiconductor technology companies. Peter was previously CEO of Los Angeles based Awareness Technologies, a cloud-based enterprise security software company (which he successfully sold in 2008) and Head of Europe for the publisher, Forbes Inc.

## **Outlook**

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

- i) Focusing on its R&D programme, which is providing promising and consistent results.
- ii) Investing in the technology sector (both directly through in-house R&D and indirectly via potential investments in third parties).
- iii) Managing the legacy portfolio assets, where positive outcomes are expected from claims made by the Company, and in due course, from the sale of the investees.
- iv) A further reduction of the debt position (if and when the conditions are deemed appropriate).

The Board remains positive as the technology investments carried out for the in-house R&D programme are deemed sound and promising, and the legal claims have strong merit with counterparties that are expected to be solvent.

**Francesco Gardin**  
**Quantum Blockchain Technologies PLC**  
**CEO and Chairman**

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	Six months to 30 June 2022	Six months to 30 June 2021	Year ended 31 December 2021
		(Unaudited) €'000	(Unaudited) €'000	(Audited) €'000
<b>Continuing operations</b>				
<b>Revenue</b>		-	6	9
		-	6	9
Administrative expenses		(2,067)	(720)	(4,985)
Other operating income		-	-	6
<b>Operating loss</b>		(2,067)	(714)	(4,970)
Share of loss from equity-accounted associates		-	-	(33)
Finance charges		(797)	(392)	(446)
<b>Loss before tax</b>		(2,864)	(1,106)	(5,449)
Taxation		74	-	53
<b>Loss for the period attributable to owners of the parent</b>		(2,790)	(1,106)	(5,396)
Other comprehensive income/(loss)		-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		(2,790)	(1,106)	(5,396)
<b>Earnings per share:</b>				
Basic loss per share (cents)	3	(€0.281)	(€0.13)	(€0.621)
Diluted loss per share (cents)	3	(€0.213)	(€0.13)	(€0.354)

**GROUP STATEMENTS OF FINANCIAL POSITION  
AT 30 JUNE 2022**

	Note	As at 30 June 2022 €'000 (Unaudited)	As at 30 June 2021 €'000 (Unaudited)	As at 31 December 2021 €'000 (Audited)
<b>Non-current assets</b>				
Property, plant and equipment		234	-	164
Investments		714	1,014	664
Investments in equity-accounted associates		211	-	211
<b>Total non-current assets</b>		1,159	1,014	1,039
<b>Current assets</b>				
Trade and other receivables		5,029	5,315	4,905
Cash and cash equivalents		1,307	1,083	1,039
<b>Total current assets</b>		6,336	6,398	5,944
<b>Current liabilities</b>				
Trade and other payables		(311)	(265)	(329)
Borrowings		-	-	(8,365)
Derivative financial instruments		-	-	(1,113)
<b>Total current liabilities</b>		(311)	(265)	(9,807)
<b>Net current assets/(liabilities)</b>		6,025	6,133	(3,863)
<b>Total assets less current liabilities</b>		7,184	7,147	(2,824)
<b>Non-current liabilities</b>				
Borrowings		(8,439)	(8,606)	-
Derivative financial instruments		(870)	-	-
<b>Total non-current liabilities</b>		(9,309)	(8,606)	-
<b>Total liabilities</b>		(9,620)	(8,871)	(9,807)
<b>Net liabilities</b>		(2,125)	(1,459)	(2,824)
<b>Equity</b>				
Share capital		8,378	8,080	8,221
Share premium account		50,541	48,463	49,442
Other reserves		12,673	8,787	11,409
Retained losses		(73,717)	(66,789)	(71,896)
Equity attributable to owners of the Company		(2,125)	(1,459)	(2,824)
<b>Total equity</b>		(2,125)	(1,459)	(2,824)

**GROUP AUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>Group</b>	<b>Share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Retained losses</b>	<b>Total equity</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2021	<b>7,397</b>	<b>47,124</b>	<b>8,787</b>	<b>(65,531)</b>	<b>(2,223)</b>
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	<b>8,221</b>	<b>49,442</b>	<b>11,409</b>	<b>(71,896)</b>	<b>(2,824)</b>

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

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

**GROUP UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS TO 30 JUNE 2022**

<b>Group</b>	<b>Share capital €'000</b>	<b>Share premium account €'000</b>	<b>Other reserves €'000</b>	<b>Retained losses €'000</b>	<b>Total equity €'000</b>
At 1 January 2022	<b>8,221</b>	<b>49,442</b>	<b>11,409</b>	<b>(71,896)</b>	<b>(2,824)</b>
Total comprehensive loss for the period	-	-	-	(2,790)	(2,790)
Exercise of warrants	157	1,099	-	969	2,225
Grant of share options	-	-	1,264	-	1,264
At 30 June 2022	<b>8,378</b>	<b>50,541</b>	<b>12,673</b>	<b>(73,717)</b>	<b>(2,125)</b>



**GROUP UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Six months to 30 June 2022	Six months to 30 June 2021	Year ended 31 December 2021
	(Unaudited) €'000	(Unaudited) €'000	(Audited) €'000
<b>Cash used in operations</b>			
Loss before tax	(2,864)	(1,106)	(5,449)
Fair value changes	-	248	-
Impairment of investments	-	-	167
Share of post-tax losses of equity accounted associates	-	-	33
Non cash foreign exchange movements	(50)	-	(41)
Finance charges	800	146	305
Decrease/(increase) in receivables	(49)	(124)	340
(Decrease)/increase in payables	(18)	(69)	(5)
Loss/gain on derivatives	-	-	143
Share based payments	1,264	-	2,694
Depreciation	20	-	-
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(897)</b>	<b>(905)</b>	<b>(1,813)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	-	(34)	(54)
Purchase of property, plant and equipment	(90)	-	(164)
<b>Net cash inflow from investing activities</b>	<b>(90)</b>	<b>(34)</b>	<b>(218)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital issue	1,255	2,022	3,070
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1,255</b>	<b>2,022</b>	<b>3,070</b>
Net increase in cash for the period	268	1,083	1,039
Cash and cash equivalents at beginning of year	1,039	-	-
<b>Cash and cash equivalents at end of period</b>	<b>1,307</b>	<b>1,083</b>	<b>1,039</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

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

The principal activity of the Group is that of an investment company 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.

### **2. Accounting policies**

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

#### **Basis of preparation**

The interim financial statements of Quantum Blockchain Technologies Plc are unaudited consolidated financial statements for the six months ended 30 June 2022 which have been prepared in accordance with UK adopted international accounting standards. They include unaudited comparatives for the six months ended 30 June 2021 together with audited comparatives for the year ended 31 December 2021.

The interim financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2021 have been reported on by the company's auditors and have been filed with the Registrar of Companies. The report of the auditors was qualified in respect of the valuation of the investment in Geosim Systems Ltd, the omission of Mediapolis Investment S.A. from the consolidated accounts and 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. The report of the auditor also contained an emphasis of matter paragraph in relation to a material uncertainty regarding going concern. Aside from the limitation of scope relating to Geosim Systems Ltd, Mediapolis Investment S.A and the potential payroll taxes, the auditor's report did not contain any statement under section 498 of the Companies Act 2006.

The interim consolidated financial statements for the six months ended 30 June 2022 have been prepared on the basis of accounting policies expected to be adopted for the year ended 31 December 2022, which are consistent with the year ended 31 December 2021 except as stated below:

#### **Going concern**

The Group's activities generated a loss of €2,790,000 (June 2021: €1,106,000) and had net current assets of €6,025,000 as at 30 June 2022 (June 2021: €6,133,000). 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 interim accounts. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependent 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.

### **Risks and uncertainties**

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2021 Annual Report and Financial Statements, a copy of which is available on the Company's website: [www.quantumblockchaintechnologies.com](http://www.quantumblockchaintechnologies.com). The key financial risks are liquidity and credit risk.

### **Critical accounting estimates**

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 3 of the Company's 2021 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

### **3. Loss per share**

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

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

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 December 2021
	(Unaudited) €'000	(Unaudited) €'000	(Audited) €'000
<b>Loss/profit attributable to owners of the parent company:</b>			
Basic earnings	(2,790)	(1,106)	(5,396)
Diluted earnings	(2,762)	(1,106)	(5,328)
<hr/>			
Basic weighted average number of ordinary shares (000's)	994,291	836,537	869,339
Diluted weighted average number of ordinary shares (000's)	1,295,619	836,537	1,503,440
<hr/>			
<b>Basic and fully diluted earnings per share:</b>			
Basic earnings per share	(€0.281)	(€0.13)	(€0.621)
Diluted earnings per share	(€0.213)	(€0.13)	(€0.354)

IAS 33 requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease earnings per share or increase net loss per share. No adjustment has been made to diluted earnings per share for out-of-the money options and warrants.

#### 4. Investment Policy

The Company invests in the technology sector, with special focus on, but not limited to, Blockchain, Artificial Intelligence, Cryptocurrencies and Quantum Computing. As well as making direct investments, the Company may also act as Investment Manager for one or more selected venture capital funds, in compliance with the FCA regulations, which identify, invest in, and acquires companies, assets and projects in the technology sector which show excellent growth potential on a stand-alone basis, and which would add value to the Company's portfolio of investments.

The Company may make investments in target businesses at all stages of development. The majority of investments will be made in unlisted companies, however listed companies may, from time to time, be considered on a selective basis. The geographical focus will be mainly Europe, but investments may also be considered in other regions to the extent the Board considers that valuable opportunities exist, and positive returns can be achieved.

The Board expects that investments will typically be held for the medium to long term, although short term disposal of assets cannot be ruled out. The Company's investments may range from a minority position with strategic influence to a controlling position. Any transaction constituting a reverse takeover under the AIM Rules will require shareholder approval and the publication by the Company of an admission document meeting the requirements of the AIM Rules.

The Board believes that its broad collective experience together with its extensive network of contacts will assist it in the identification, evaluation and funding of investment targets. When necessary other external expert professionals will be engaged to assist in undertaking the due diligence of prospective targets and related transaction analysis. The Board may also consider appointing additional directors and key employees with relevant experience as part of any specific investment.

Investments are expected to be in the form of equity, debt or convertible debt. The Company may offer shares as well as cash by way of consideration for prospective investments, thereby

helping to preserve the Company's cash for working capital purposes. The Company may, in appropriate circumstances, place shares, issue debt securities or borrow money to complete an investment

## **5. Copies of Interim Accounts**

Copies of the interim results are available at the Group's website at [www.quantumblockchaintechnologies.co.uk](http://www.quantumblockchaintechnologies.co.uk).

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

