

Company Registration No. 03926192

**Quantum Blockchain
Technologies PLC**

**Annual Report and Financial
Statements for the year ended
31 December 2023**

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COMPANY INFORMATION

Directors	Francesco Gardin Peter Fuhrman Mark Michael Trafeli
Company Secretary	James Gordon
Company number	03926192 (England and Wales)
Registered office	First Floor 1 Chancery Lane London WC2A 1LF
Auditor	A.C.T. Audit Limited 27 Hill Street Mayfair London W1J 5LP
Italian Solicitors	Ferrari Pedefferri Boni Studio Legale Associato Via Fatebenefratelli, 22 20121 Milan Italy
UK Solicitors	Gordons Partnership LLP First Floor 1 Chancery Lane London WC2A 1LF
Nominated Adviser & Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Registrar	Share Registrars Ltd 27-28 Eastcastle Street London W1W 8DH

CHAIRMAN'S STATEMENT

I am pleased to present the Group's Final Results for the year ended 31 December 2023. The Group consists of Quantum Blockchain Technologies PLC (the "Company" or "QBT"), which undertakes the Group's Research and Development ("R&D") Programme and holds the Legacy Assets, and its wholly owned subsidiary, Clear Leisure 2017 Ltd ("CL17"), which deals with the legal claims and related litigation.

During 2023, the main focus of the Company has been the R&D Programme, launched in 2021, which aims to develop a proprietary disruptive technology for mining Bitcoin through the development of Artificial Intelligence (AI), Quantum Computing and a special architecture for ASIC chips design for mining rigs. The capitalisation of the Bitcoin market as at the date of this report exceeds USD1.3 trillion, therefore, a technology which could bring a competitive advantage to existing Bitcoin miners is considered by the Company as potentially valuable.

The Company has several independent R&D teams working on each of the above technologies, based in London (UK), Munich (Germany) and Milan (Italy).

The first goal of QBT's R&D Programme is to create AI software to improve the mining power of existing Bitcoin mining rigs. By applying AI and Machine Learning (ML) technologies, three different R&D teams have independently achieved very promising results from internal laboratory tests for the Company's three proprietary methods, called "A", "B" and "C". While they are materially different, each method has substantiated the Company's initial assumption, *i.e.*, that SHA-256, the core algorithm for mining of Bitcoin, is to some extent predictable. Hence calculations can be limited only to those cases where the chance of successfully mining Bitcoin is higher, resulting in better overall performance of the mining process.

The Company is now working on adapting its three Bitcoin mining methods to existing mining rigs in order to launch the first commercial QBT products, as Software as a Service ("SaaS") for Bitcoin miners.

A second goal, which has a mid to long term timeframe, is the development of a proprietary mining chip which includes all the internal R&D results, as per the two patent applications filed in 2021 and 2023.

Finally, the third objective will be the implementation of "Quantum Mining", which is a proprietary quantum version of SHA-256 algorithm for Bitcoin mining. A patent application for this implementation is in the process of being drafted at the time of publication of this report.

In order to use QBT's proprietary quantum algorithm for Bitcoin mining, a quantum computer with more qubits than is currently commercially available is required. Therefore, the Company is planning ahead to be in a position to use this opportunity when such quantum computer is available.

During 2023, the Company continued to deal with its Legacy Assets, with special focus on the litigation against the former management and internal audit committee of Sipiemi in Liquidazione Spa ("Sipiemi"), which is held via CL17. In late 2022, the Venice Court ruled in favour of CL17 and ordered Sipiemi defendants to pay CL17 €6,274,000 in damages (exclusive of interest and adjustments for inflation), and legal fees (together the "Award Payment").

The Company also continued to deal with its other Legacy Assets, such as the Sosushi Srl ("Sosushi") €1m litigation, and Company's investments in PBV, Forcrowd and Geosim, although there are no specific updates available at this time.

During the period under review, as announced on 1 June 2023, QBT raised a total of £1 million (before expenses) pursuant to the issue of 71,428,571 new ordinary shares of 0.25 pence each in the Company ("Ordinary Shares") at a price of 1.4 pence per Ordinary Share. Further to that, as announced on 30

CHAIRMAN'S STATEMENT (continued)

October, the Company raised a total of £2 million (before expenses) pursuant to the issue of 133,333,333 new Ordinary Shares at a price of 1.5 pence per Ordinary Share.

On 7 July 2023, the Company announced that it had received a conversion notice from MC Strategies AG to convert €1 million of the Zero-Coupon Bond into new Ordinary Shares at a conversion price of 1 pence per Ordinary Share (EUR: GBP exchange rate of 0.89 – fixed per terms and conditions of the Zero-Coupon Bond) (as originally disclosed by the Company on 9 November 2020). As a result, the Company issued 89,000,000 new Ordinary Shares to MC Strategies AG on 14 July 2023.

As disclosed on 31 May 2023, QBT granted seven million new options over new Ordinary Shares to certain consultants, members of the R&D team and in-house staff. As a result, at the time of this report, the Company has outstanding options over 133,500,000 new Ordinary Shares exercisable at 5 pence and outstanding options over 133,500,000 new Ordinary Shares exercisable at 10 pence, set to expire between December 2024 and December 2026.

In conclusion, the Company believes that exciting times are ahead, as it expects that its products, once available, could truly energise the cryptocurrency mining industry, while eventually being able to monetise its Legacy Assets through legal settlements.

Financial Review

The Group reported a total comprehensive loss of €4,206,000 for the year ended 31 December 2023 (2022: €5,026,000) and a loss before tax of €4,348,000 (2022: €5,252,000). Operating losses for the period were €4,025,000 (2022: €4,547,000). Included within administrative expenses are charges relating to the recognition of share options totalling €416,000 (2022: €1,854,000) and within finance costs are charges for the revaluation of derivatives representing a profit of €9,000 (2022: loss of €324,000). The movement in these items is dependent on the volatility of the Company's share price used for the calculation according to the relevant accounting standards. The undiluted Net Asset Value ("NAV") of the Group decreased by €675,000 in 2023, compared to a decrease of €398,000 in 2022. The Group had Net Current Liabilities of €3.1m as at 31 December 2023 (2022: Net Current Assets €4.4m).

Post-Balance Sheet Events

In January 2024, the Company announced it has agreed with MC Strategy S.A., the sole Bondholder of the Company's €3.5m Zero-Coupon Bond issued in 2020, to extend the maturity of the Bond from 15 December 2024 to 15 December 2026. QBT and MC Strategy S.A. have agreed to change the yield on maturity from 1% to 3%.

With regards to the Company's Zero-Coupon Bond originally issued in 2013, at the Bondholders meeting held on 22 February 2024 (previously duly called on 18 January 2024) the bondholders agreed to extend the maturity of the Zero-Coupon Bond from 15 December 2024 to 15 December 2026, and to amend the conversion price from £0.05 to £0.03.

In March 2024, the Company announced a new development, called Method C, based on Machine Learning and using predictive AI technology that is producing consistent results during testing. In testing environments Method C had favourably demonstrated predictive ability in c. 30% of instances where it was input to SHA-256 producing a winning hash, resulting in a potential saving of energy.

At the same time, QBT announced that it had commenced development of a proprietary ASIC chip. A working prototype is about to undergo development to confirm performance levels, and the Company entered into early-stage exploratory discussions with Bitcoin rig manufacturers and US Bitcoin mining companies. Also in March, the Company noted that the porting of Method A and Method B into commercial rigs had proven to be very challenging.

CHAIRMAN'S STATEMENT (continued)

The R&D team engaged in testing different solutions for the final stage in order to deliver a fully reliable product. Finally, per the same announcement, QBT disclosed that its first two patent applications (ASIC UltraBoost and ASIC EnhancedBoost) were making positive headway and that a third patent application was being drafted concerning the proprietary quantum version of SHA-256.

In May 2024, the Company announced that at the end of April 2024, it reached an agreement with certain of the Sipiem litigation co-liable defendants who have settled their position for €700,000 (which, net of certain costs, has been received by CL17) .

At the same time, CL17 also reached an agreement with the Sipiem's receiver, acquiring its right to receive 30% of any sums collected (net of legal and other costs) from the Sipiem litigation, as envisaged in the 2019 claim purchase agreement (through which CL17 acquired the Sipiem litigation) for an amount of €170,000, giving CL17 rights to all funds recovered, namely the €700,000 of the above agreement and the balance amounting to €5.575 million plus interest and augmentation for inflation, together (the "Settlement")

As announced on 16 May 2024 the above agreements were subject to the Venice Court scheduling of a hearing to approve the Settlement, before the issue of the appeal ruling.

In June, QBT confirmed that the payment of €700,000 had been completed, and that €170,000 has been paid by CL17 to Sipiem's Receiver with respect to the acquisition by CL17 of the Receiver's right to receive 30% of any further sums collected in connection with the claim (net of legal fees).

Subsequently, in June 2024, the Company announced that the Venice Court of Appeal confirmed the ruling of the 2022 lower court Judgment in favour of CL17 (save for €105,412), amounting to €6,083,562 (plus interest and adjustments for inflation) in damages, plus €134,166 for legal expenses. As the appeal ruling has been issued prior to the scheduling of the hearing regarding the Settlement, such settlement is now deemed void. While the above matter is currently being assessed by the Company's legal team, the Company still hold the above Settlement funds, minus the €170,000 paid to the Receiver for the 30% rights. In the meantime, all the parties involved, namely the Receiver, the Sipiem's statutory auditor's lawyers and the insurer's lawyers are being contacted to discuss the contractual implications of the voided Settlement.

Outlook

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

- i. continuing to focus on its R&D Programme, which is providing promising and consistent results for the disruption of the Bitcoin market;
- ii. investing in the technology sector (both in a direct and an indirect manner);
- iii. managing the legacy portfolio assets, where positive outcomes are expected from the Company's legal claims; and
- iv. further reduction of the debt position (if and when the conditions are deemed appropriate).

The Board remains positive as the technology investments are deemed sound and promising, while the legal claims have strong merit and against defendants that are expected to remain solvent, thereby enhancing the prospect of collection of the judgment debts.



Francesco Gardin
Chairman
25 June 2024

DIRECTORS' PROFILES

Francesco Gardin

Chief Executive Officer & Chairman

Francesco Gardin (aged 69), 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 AI 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 February 2002 Professor Gardin became Chairman of The Company until February 2011. He was re-appointed as Chairman and CEO of the Company in July 2015. During the period between February 2011 and July 2015, Prof. Gardin had no association with the Company. 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.

Peter Fuhrman

Non-Executive Director

Peter Fuhrman (aged 65) has extensive experience in High-Technology, Semiconductors, Finance and Investment industries. He graduated summa cum laude from Tufts University in 1980 and also holds an M.Phil degree in International Relations from Cambridge University. He did additional postgraduate studies at Nanjing University, and as a Yale-in-China Fellow at the Chinese University of Hong Kong. Peter is currently: - Chairman and CEO at China First Capital, which is one of China's older specialist international investment banks in the technology sector, with deep experience and expertise in China's semiconductor industry, advanced manufacturing, robotics, precision automation, nano-positioning, photonics and breakthrough energy technologies, and - Strategic Advisor on advanced technologies and market expansion for CEOs of one of China's largest listed high-technology manufacturing companies as well as one of Germany's and Europe's largest market-leading semiconductor technology companies He previously was the CEO of Awareness Technologies, a Los Angeles based Cloud-based enterprise security software company (which was successfully sold in 2008) and, in London, Peter was Head of Europe at Forbes Inc., publisher of Forbes Magazine, one of the world's largest and most successful business publications. Peter is an "Industry Thought Leader" who has been published in The Wall Street Journal, The New York Times, The Economist, The Financial Times, Bloomberg, CNBC, The Washington Post, China Daily, The South China Morning Post. He speaks English, Mandarin Chinese and Italian. Peter has also given guest lectures and has been a speaker on China- and technology-related topics and innovation at the University of Chicago's Business School, the University of Michigan Ross School of Business and Harvard Business School's global alumni.

Mark Michael Trafeli

Non-Executive Director

Mark Michael Trafeli (aged 57) is a lawyer qualified in England and Wales, California and New York. Based in London, he has extensive expertise in regulation, compliance and corporate governance. He is currently General Counsel for an enterprise in the online gaming sector with operations in multiple countries and licences from the Gambling Commission of Great Britain. He also maintains a private law practice that he established in 2008 advising on UK and USA-related financial services, stock exchange regulation, commercial contracts, M&A, corporate governance, compliance, and litigation.

DIRECTORS' PROFILES (continued)

Previously, Mark served as General Counsel and Interim Head of Compliance at RJ O'Brien Europe Limited, a London based FCA regulated clearing firm with multiple exchange memberships and General Counsel to First World Trader (Pty) Limited, a leading South African global fintech company best known for its Easy Equities platform. Mark holds a Bachelor of Arts degree in History and Political Science and a Juris Doctor (JD) in law, both from the University of Michigan.

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 2023.

Review of the business and developments during the year

During the year under review the Company provided regular updates to its stakeholders regarding the business:

With regards to the R&D Programme and launch of BTC products:

- In January, the Company retained Dr.Lov Kumar Grover as a special consultant for the theoretical assessment of the Company's proprietary quantum version of SHA-256.
- Also in January, QBT announced that it decided to apply its SHA-256 based optimisations to other cryptocurrencies within the Bitcoin "family", enlarging the addressable market of its future products, although maintaining the focus on Bitcoin.
- In May, the Company appointed of Mr Vladimir Kuznirczuk as Marketing and Business Development Manager with immediate effect, to address business opportunities with large US and Canadian Bitcoin miners and mining rig manufacturers.
- In July, the Company had filed a new patent application named ASIC EnhancedBoost, developed by its cryptography expert and Cryptographic Optimisation team, which is currently still under evaluation by the examiner of the UK patent office.
- In September the Company commenced the process to establish a method to port Method A and Method B onto commercial miners, focusing not only on Intel's Blocksacle based miners, but also the most popular mining rigs produced in China.
- In October, QBT stated that the proprietary Method A and Method B software would be "available as a SaaS client-server cloud application by uploading an upgrade to the mining rigs' firmware", for a mutual partnership/testing phase.

Regarding the new Ordinary Shares and Options:

- In May, the Company announced it had granted 7,000,000 options over new Ordinary Shares ("Options") to certain consultants, members of the R&D team and in-house staff. Furthermore, the Company has extended the exercise period for 17,500,000 other Options previously granted.
- In June, QBT announced it raised £1 million (before expenses) through the placing of 71,428,571 new Ordinary Shares at a price of 1.4 pence per new Ordinary Share.
- In October, the Company announced it raised £2 million (before expenses) through the placing of 133,333,333 new Ordinary Shares at a price of 1.5 pence per new Ordinary Share.

Regarding the Legacy Assets:

- In March, the Company announced that at the hearing for the Sipiem litigation at the Venice Appeal Court, the judge ruled in favour of CL17, thereby allowing CL17 to seek enforcement of the Award Payment against the main Sipiem defendant (a former director of Sipiem, who is individually liable for the full amount of the Award Payment). The Appeal Court did, however, grant the remaining Sipiem defendants' request to enjoin enforcement of the judgment against the members of the internal audit committee and the main defendant's family members.

Sale of investments

The Company did not dispose of any assets during 2023 (2022: 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 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 may 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 put questions to the Company regarding its business, operations and 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.

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 markets 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)

TCFD (Task Force on Climate-related Financial Disclosures) We recognize the importance of climate change as a material financial risk and opportunity. As part of our commitment to transparency and accountability, we have aligned our disclosure practices with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our disclosures aim to provide investors and stakeholders with relevant information on our climate-related risks, opportunities, and performance. By doing so, we seek to support the transition to a low-carbon and resilient economy while enhancing long-term value for our shareholders.

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 24 July 2023, Messrs Francesco Gardin, Peter Fuhrman and Mark Michael Trafeli were re-elected as Directors of the Company.

Events after the reporting date

Regarding the Company's Bonds:

- In January, the Company announced it agreed with MC Strategy S.A., the sole Bondholder of the Company's €3.5m Zero-Coupon Bond issued in 2020 to extend the maturity of the Bond from 15 December 2024 to 15 December 2026. At the same time QBT and MC Strategy S.A. agreed to change the yield to maturity from 1% to 3%.
- With regards to the Company's Zero-Coupon Bond originally issued in 2013, on 22 February 2024, at the Bondholders meeting (previously duly called on 18 January 2024), bondholders agreed to extend the maturity of the Zero-Coupon Bond from 15 December 2024 to 15 December 2026, and to amend the conversion price from £0.05 to £0.03.

STRATEGIC REPORT (continued)

With regard to the R&D Programme:

- In March, the Company announced a new development, called Method C, based on ML and using AI technology is producing consistent results during testing. Method C in testing environments had favourably demonstrated predictive ability in c. 30% of the cases, if an input to SHA-256 will produce a winning hash, resulting in a potential saving of energy.
- At the same time, the QBT announced it commenced development of a proprietary ASIC chip. A working prototype was about to undergo development which will confirm performance levels, and it entered into early-stage exploratory discussions with Bitcoin rig manufacturers and US Bitcoin mining companies.
- Also in March, the Company noted that the porting of Method A and Method B onto commercial rigs had proven to be very challenging. The R&D team engaged in testing different solutions for the final stage in order to deliver a fully reliable product.
- Finally, per the same announcement, QBT disclosed that its first two patent applications (ASIC UltraBoost and ASIC EnhancedBoost) were making positive headway and that a third patent application was being drafted with respect to the proprietary quantum version of SHA-256.

About the Sipiem litigation:

- In May, the Company announced that at the end of April 2024, it reached an agreement with some of the Sipiem litigation co-liable defendants who have settled their position for €700,000 (which, net of certain costs, has been received by CL17).
- At the same time, CL17 also reached an agreement with the Sipiem's receiver, acquiring its right to receive 30% of any sums collected (net of legal and other costs) from the Sipiem litigation, as envisaged in the 2019 claim purchase agreement (through which CL17 acquired the Sipiem litigation) for an amount of €170,000, giving CL17 rights to all funds recovered.
- On 18 June 2024, the Company announced that the Venice Court of Appeal confirmed the ruling of the 2022 lower court Judgment in favour of CL17 (save for €105,412), amounting to €6,083,562 (plus interest and adjustments for inflation) in damages, plus €134,166 for legal expenses. As the appeal ruling has been issued prior to the scheduling of the hearing regarding the €700,000 settlement, such settlement is now deemed void. So is the €170,00 agreement with the Receiver, as strictly connected to the above settlement. Through its ruling, the Venice Court of Appeal removed any opposition to the enforceability, by CL17, of the above amounts against all defendants.
- While the above matter is currently being assessed by the Company's legal team, the Company still hold the above Settlement funds, minus the €170,000 paid to the Receiver for the 30% rights. In the meantime, all the parties involved, namely the Receiver, the Sipiem's statutory auditor's lawyers and the insurer's lawyers are being contacted to discuss the contractual implications of the voided Settlement.

Principal Risks and Uncertainties

The Group's investments as at 31 December 2023 were all in unlisted entities. As a result, there is no readily available market for sale in order to arrive at a fair value. The valuation of each investment is appraised on a regular basis and requires a significant amount of judgment together with reviewing the cash flows and budgets of the investee company in order to arrive at a fair value.

The Company received a liquidity injection during the year under analysis and during the first 6 months of 2024, but the Directors consider that the amount may 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 2 to the financial statements.

STRATEGIC REPORT (continued)

As the Company focuses more on improving existing practices to accelerate bitcoin mining, risks arise in relation to the development of new solutions and products. These risks arise in regard to developing products to a marketable stage and eventually bringing 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 2023	31 December 2022	Change %
Net asset value	(€2,547,000)	(€3,222,000)	(20.95)
Closing share price	1.575p	1.125p	40.00
Market capitalisation	€23,461,528	€12,658,933	85.34

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 21 to the financial statements.

Results for the year and dividends

The loss for the year was €4,206,000 (2022: loss of €5,026,000). Since the Group does not have any distributable reserves, the Directors are not recommending the payment of a dividend.

Going Concern

In 2023 the Group incurred a loss of €4,206,000 (2022: €5,026,000) and had net current liabilities as at 31 December 2023 €3,121,000 of (2022: net current assets of €4,414,000). Our forecasts for the period to 30 June 2025 has been prepared on the prudent assumptions that the Group will still be nonrevenue-generating, will not receive any portion of its litigation claims, and will not receive any debtor cash settlement specifically from Mediapolis Liquidation proceedings. Nonetheless, on the basis of the equity funding raised last 1 June 2023 and 30 October 2023 which raised a total of EUR 2.74 million, and the extension on our two convertible bond repayments from December 2024 to December 2026, we believe that the Group, at the date of this report, may hold sufficient liquidity to sustain its operational existence for the following twelve months without the specific necessity to raise further funding either through an equity placing on AIM, or through other external sources, unless for additional specific investment opportunities or ventures.

STRATEGIC REPORT (continued)

After making due enquiries, the Directors have formed a judgement that there is a reasonable expectation that, in the next twelve months, there should be no need to secure further resources, but in case of new investment opportunities the Group can secure further funds to sustain such expenses and that adequate arrangements will be in place to enable the settlement of their financial commitments, as and when they fall due.

On this note, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notwithstanding the above the Directors believe that due to the little headroom existing within our budget at 30 June 2025 and the inherent commercial uncertainties in relation to future events, a material uncertainty over the outcome of the matters described exists and Group might be required to raised further finance and note the uncertainty in relation to the group being able to realise its assets and discharge its liabilities in the normal course of business.

By order of the Board.



Francesco Gardin
Director

25 June 2024

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

Principal Activity

The principal activities of the Group are the R&D Programme and operating as investing company with a portfolio of assets in technology sectors. The main focus of management is to successfully run the R&D Programme and release new products to the market. The management is also pursuing the monetisation of all of the Company's Legacy Assets, through selected realisations, court-led recoveries of misappropriated assets and substantial debt recovery processes.

Activities in the field of research and development

During the year, the Company continued 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
Peter Fuhrman
Mark Michael Trafeli

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

During the period, some Directors had a material interest in certain contracts of significance to the Company or any of its subsidiaries. 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 2023 and 31 December 2022 were as follows:

Directors	31 December 2023 (0.25p ordinary shares)	Holding %	31 December 2022 (0.25p ordinary shares)
Francesco Gardin	29,284,149	2.94%	29,284,149

The above 29,284,149 Ordinary Shares do not include the 5,000,000 Ordinary Shares that are the subject of the Sale and Repurchase Agreement between Francesco Gardin and MC Strategies AG, as originally announced on 15 December 2021.

The closing market price of the Quantum Blockchain Technologies Ordinary Shares at 31 December 2023 was 1.575p and the highest and lowest closing prices during the year were 3.00p and 0.78p respectively.

DIRECTORS' REPORT (continued)**Remuneration**

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

	2023	2023	2023	2022
	Board fees	Remuneration	Total	Total
	€'000	€'000	€'000	€'000
Directors				
Reginald Eccles	-	-	-	32
Francesco Gardin	38	-	38	57
Peter Fuhrman	35	-	35	10
Mark Michael Trafeli	69	-	69	17
Total	142	-	142	116

None of the Directors had any pension entitlement.

Please note that further payments for the provision of R&D services were made to Infusion (2009) Ltd, which is an entity Francesco Gardin is a director and a shareholder. For further details, please see Note 27.

Directors' interests in share options and warrants

Details of directors' share options are as follows:

	At 1 January 2023	Granted	Exercised	At 31 December 2023	Exercise date	Exercise Price	Date from which exercisable	Expiry date
Directors								
Francesco Gardin	100,000,000	Nil	Nil	100,000,000	N/A	5p	06/05/2022	06/05/2026
Francesco Gardin	100,000,000	Nil	Nil	100,000,000	N/A	10p	06/05/2023	06/05/2026
Peter Fuhrman	2,500,000	Nil	Nil	2,500,000	N/A	5p	12/09/2022	15/12/2024
Peter Fuhrman	2,500,000	Nil	Nil	2,500,000	N/A	10p	12/09/2022	15/12/2024
Mark Michael Trafeli	2,500,000	Nil	Nil	2,500,000	N/A	5p	01/09/2022	15/12/2024
Total	207,500,000	Nil	Nil	207,500,000				

DIRECTORS' REPORT (continued)

Significant shareholders

As at 20 June 2024, 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	398,073,917	30.80
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	201,619,104	15.60
MC STRATEGIES AG	155,000,000	12.00
HSDL NOMINEES LIMITED	145,765,575	11.30
LAWSHARE NOMINEES LIMITED	69,601,228	5.40
BARCLAYS DIRECT INVESTING NOMINEES LIMITED	59,723,618	4.60
VIDACOS NOMINEES LIMITED	39,665,009	3.10

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 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.</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>

DIRECTORS' REPORT (continued)

<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, Christian T. Wilkinson or the Company's Nominated Advisor and Broker, SP Angel Corporate Finance LLP.</i></p> <p><i>Christian T. Wilkinson 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> <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><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>
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DIRECTORS' REPORT (continued)

<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>Quantum Blockchain Technologies plc's Board of Directors is comprised of Prof Francesco Gardin as Chairman and Chief Executive Officer ("CEO"). Mr Peter Fuhrman and Mr Mark Michael Trafeli are the independent Non-executive Directors of the Company, while Mr James Douglas Gordon acts as Company Secretary.</p> <p>Directors allocate sufficient time to the Company to discharge their duties.</p> <p>Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.</p> <p>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.</p> <p>The shareholders are aware of these circumstances and have not opposed the re-election of the Board at the Annual General Meetings.</p> <p>In addition, there is a regular dialogue between the Directors and the Company Secretary to ensure every decision is correctly assessed and properly balanced.</p> <p>The Board is also supported by a number of committees including the Audit Committee and the Remuneration Committee.</p> <p>The Audit Committee is composed of Mr Paul Howarth (external independent Chairman of the Committee) and Mr Peter Fuhrman (independent non-executive director).</p> <p>The Remuneration Committee is composed of Mr Paul Howarth (external independent Chairman of the Committee) and Mr Peter Fuhrman (independent non-executive director).</p> <p>Additionally, as a holding company, Quantum Blockchain Technologies is supported by the Boards and independent Directors of individual operating companies</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 Report.</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 Chairman 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 is part of a network of advisors, CEOs and CFOs, of quoted and unquoted companies around the world, he meets regularly. Prior to his passing in August 2022, Mr Reginald Eccles was a long-standing member of the Institute of Directors, through which he maintained access to outstanding advice and information. He was also a Freeman of a City Livery Company and a Freeman of the City of London, in which roles he continuously met with entrepreneurs and businessmen. Mr Fuhrman has over twenty years of experience and expertise working as an investor and strategic partner in the global semiconductor industry, in Europe, the USA and for the last +10 years in China. He has a large and diverse set of senior-level contacts in the high-technology industry.</i></p> <p><i>Mr Trafeli remains a practising solicitor and not only draws upon his decades of experience working in highly regulated markets, but also his work as a litigator. He maintains worldwide global network of current and former colleagues.</i></p>
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DIRECTORS' REPORT (continued)

<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>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>	<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 Mr Fuhrman is a member of the Remuneration Committee, which 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> <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>The Board meets periodically and is regularly updated by the Executive Director.</i></p> <p><i>The Board approved a succession plan, with the appointment of new key figures in the Company.</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. 	<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 8 (continued)</p> <ul style="list-style-type: none">• 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.	
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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. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<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 Directors were appointed not only to provide independent oversight and constructive challenge to the Executive Director but also chosen to provide strategic advice and guidance that draws upon their diverse professional backgrounds.</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 Mr Paul Howarth (external independent Chairman of the Committee) and the Non-executive Director Mr Fuhrman. The Remuneration Committee, chaired by Mr Paul Howarth and comprising the Non-executive Director Mr Fuhman, is responsible for the approval of the remuneration for the executive Director. The Committee meets twice a year. In determining the total remuneration (including bonuses, if any) of the Committee's chairman and, Mr Fuhrman may consult advisors. The Executive Director also consults the Non-Executive Directors 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. <p>It should be clear where these communication practices are described (annual report or website).</p>	<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

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 ACT, 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
25 June 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

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, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Qualified opinion

We have audited the financial statements of Quantum Blockchain Technologies plc (the 'Parent Company') for the year ended 31 December 2023.

The financial statements that we have audited 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

The financial reporting framework that has been applied in the preparation of the Group and Company financial statements is applicable law and UK adopted international accounting standards.

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 of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Investment in GeoSim Systems Ltd

The investment disclosed in Note 16 in relation to GeoSim Systems Ltd, an Israeli company, for an amount of €302,000 has been accounted for at fair value by the Directors. The Directors have reduced the measurement of the fair value of the investment by 50% during the year as they recognize the uncertainties and lack of updated information regarding GeoSim Systems Ltd, also considering the ongoing situation in the area that the investment was based, Israel. However, this is not supported by an accepted valuation technique. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group and Parent Company incurred a substantial loss during the year ended December 31, 2023, 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 stated 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 the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group and the Parent Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Group'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 used.
- Consideration of availability of funds required in funding facilities 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 uncertainty 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, 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.
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Materiality	2023	2022	
Group	€86,000	€96,000	1% of Total Liabilities (2022: 1.04% of Total Liabilities)
Parent Company	€77,400	€86,400	1% of Total Liabilities, but capped at 90% of Group materiality (2022: 1% of Total Liabilities, but capped at 90% of Group materiality)

Key audit matters

Recurring	<ul style="list-style-type: none"> • Classification and valuation of bonds • Existence and recoverability of litigation claims • Accuracy of accounting for Group entities • Employment tax liabilities
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Key Audit Matters

In addition to the matters described in the Basis for qualified opinion section, we have determined matters described below to be Key Audit Matters to be communicated in our report. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatements, whether or not due to fraud, that we identified. These matters included those matters which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Classification and valuation of bonds

Key audit matter description 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.

The accounting classification and valuation of these external financing arrangements is a significant judgment area which also includes whether the conversion option should have been separated from the financial liability host instrument and accounted for at fair value through profit or loss.

How the scope of our audit responded to the key audit matter Our work over the classification and valuation of bonds included, but was not limited to:

- 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 tested and formed an opinion on the appropriateness of management inputs into the valuation calculations.
 - We reviewed the inputs of the Black-Scholes model in relation to the valuation of the embedded derivative financial instrument of the bonds.
 - We reviewed the presentation of the bonds in the financial statements under IAS 1 Presentation of Financial Statements, in relation to the maturity extension of the bonds.
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Key observations communicated to the Group's Audit Committee Based on our procedures performed detailed above, we confirm that we have nothing material to report, and or draw attention to in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Contingencies and existence of litigations and claims

Key audit matter description	<p>The Group is actively engaged in ongoing litigations and claims to recover receivables in 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 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 judgment 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>
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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 have reviewed relevant announcements made in the company's website to confirm and update our understanding in the progress of any claims.• 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.
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Key observations communicated to the Group's Audit Committee	<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>
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Accuracy of accounting for Group entities

Key audit matter description	<p>The Parent Company 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 Group financial statements.</p> <p>In particular, the Group has not consolidated the subsidiary Mediapolis Investment S.A. and Clear Holiday Srl as the directors consider their inclusion to be immaterial to the consolidated financial statements.</p>
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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 documentation about the various entities and by inquiries 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 16.• We obtained from management their updated assessment of the non-consolidation of Mediapolis Investment S.A and Clear Holiday Srl.• We challenged management as to any further information obtained during 2023 or post year end that supported their conclusions.
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Key observations communicated to the Group's Audit Committee	<p>Based on our procedures performed detailed above, we concluded that the entities meeting the definition of control by the Group were consolidated in accordance with IFRS 10.</p>
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Employment tax liabilities

Key audit matter description	<p>The business assesses and categorizes all tax risks between remote, possible, and probable, with possible risks being disclosed as contingent liabilities and probable risks being provided for in the financial statements.</p> <p>During the period under review, the most material tax risk relates to employment taxes not being deducted between 2015 and 2022 on consultancy payments to Directors.</p> <p>We noted that the Group has made a provision for the potential underpayment of employer's pay as you earn (PAYE) and national insurance which totals €210,000 in 2022 which has since been reduced to €97,583 in 2023.</p>
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How the scope of our audit responded to the key audit matter	<p>Our work over employment tax liabilities included, but was not limited to:</p> <ul style="list-style-type: none">• We requested management to engage an employment tax specialist to review their internal calculations and analysis to ensure that these had taken into consideration all available and relevant information.• We ensured that the calculations prepared by management were materially accurate mathematically.• We obtained a confirmation from the director's tax adviser to confirm key assumptions used in management's calculation.
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Key observations communicated to the Group's Audit Committee	<p>We are comfortable that the provision included in the Group financial statements is materially accurate based on the information available to management.</p>
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the 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.

	Group Financial Statements	Parent Company Financial Statements
Overall materiality	€86,000 (2022: €96,000)	€77,400 (2022: €86,400)
How we determined it	1% of Total Liabilities (2022: 1.04% of Total Liabilities)	1% of Total Liabilities, but capped at 90% of Group materiality (2022: 1% of Total Liabilities, capped at 90% of Group materiality)
Rationale for the benchmark applied	We consider total liabilities to be the most appropriate benchmark for materiality for the Group given that it 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 the total liabilities as this is the most important area to the users of the financial statements.

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

Performance materiality for the Group was set at €51,600 (2022: €57,600) and at €46,400 (2022: €51,800) for the Parent Company which represents 60% (2022: 60%) of the above materiality levels.

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

We agreed to report any corrected or uncorrected adjustments exceeding €4,300 (2022: €4,800) and €3,900 (2022: €4,320) in respect of the Group and Parent Company, respectively to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements we identified all 4 UK and Italian components as representing the principal business units within the Group.

Full scope audits - Of the 4 components selected, audits of the complete financial information of Quantum Blockchain Technologies Plc, Clear Leisure 2017 Limited and Brainspark Associates Limited were undertaken. These entities were selected based upon their size or risk characteristics.

Specified procedures - The final reporting component, QBT R&D Srl, was not considered to be a significant component of the Group and thus specified procedures on all balances in excess of component materiality was undertaken.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle. We also tested operating effectiveness, but did not place reliance on this work.

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.

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified for insufficient audit evidence in respect of the fair value of the investment in GeoSim Systems Ltd.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

Strategic report and directors report

Expect for the matter described in the Basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

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

Matters on which we are required to report by exception

Expect for the matter described in the Basis for qualified opinion section of our report, we have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or 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; or
- we have not received all the information and explanations we require for our audit,

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, listing rules and tax legislation.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to improve financial performance, and management bias in accounting estimates particularly in determining the valuation of investments in unquoted companies.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUANTUM BLOCKCHAIN TECHNOLOGIES PLC**

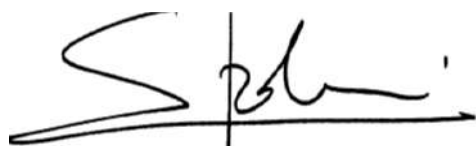
Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's audit committee meetings;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the valuation of investments in unquoted companies as reported in the key audit matter section of our report; and
 - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Parent 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.



Pierpaolo Spadoni (Senior Statutory Auditor)
For and on behalf of ACT Audit Limited
27 Hill Street
Mayfair
London
W1J 5LP
United Kingdom

Date: 25 June 2024

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		€'000	€'000
Revenue		-	-
		-	-
Administrative expenses	7	(4,025)	(4,547)
Other income		-	-
Operating loss		(4,025)	(4,547)
Other gains and losses		32	-
Share of loss from equity-accounted associates	8	(59)	(69)
Finance costs	9	(296)	(636)
Loss before tax		(4,348)	(5,252)
Tax	12	142	226
Loss for the year		(4,206)	(5,026)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,206)	(5,026)
Earnings per share:			
Basic loss per share (cents)	13	€0.382	€0.508
Diluted loss per share (cents)	13	€0.256	€0.312

There was no other comprehensive income during the year.

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION**AS AT 31 DECEMBER 2023**

	Notes	Group 2023	Group 2022	Company 2023	Company 2022
		€'000	€'000	€'000	€'000
Non-current assets					
Intangible assets	15	2	-	-	-
Property, plant and equipment	14	169	226	-	-
Financial assets at fair value through profit and loss	16	396	677	76	115
Investments held at cost	16	-	-	11	10
Investments in equity-accounted associates	8	7	60	7	-
Total non-current assets		574	963	94	125
Current assets					
Trade and other receivables	17	3,243	4,626	946	1,056
Cash and cash equivalents	18	2,057	463	2,041	449
Total current assets		5,300	5,089	2,987	1,505
Total assets		5,874	6,052	3,081	1,630
Current liabilities					
Trade and other payables	19	(413)	(465)	(390)	(577)
Borrowings	20	(7,451)	-	(7,451)	-
Derivative financial instruments	21	(459)	-	(459)	-
Provisions	22	(98)	(210)	(98)	(210)
Total current liabilities		(8,421)	(675)	(8,398)	(787)
Net current (liabilities)/assets		(3,121)	4,414	(5,411)	718
Total assets less current liabilities		(2,547)	5,377	(5,317)	843
Non-current liabilities					
Borrowings	20	-	(8,131)	-	(8,131)
Derivative financial instruments	21	-	(468)	-	(468)
Total non-current liabilities		-	(8,599)	-	(8,599)
Total liabilities		(8,421)	(9,274)	(8,398)	(9,386)
Net liabilities		(2,547)	(3,222)	(5,317)	(7,756)
Equity					
Share capital	23	9,219	8,378	9,219	8,378
Share premium account	23	54,165	50,541	54,165	50,541
Other reserves	25	14,228	13,812	5,903	5,487
Retained losses		(80,159)	(75,953)	(74,604)	(72,162)
Total equity		(2,547)	(3,222)	(5,317)	(7,756)

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

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 €2,442,000 (2022: loss of €4,550,000).

The financial statements were approved by the board of directors and authorised for issue on 25 June 2024, on its behalf by:



Francesco Gardin
Director
Company Number 03926192

The notes on pages 43 to 79 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained losses €'000	Total equity €'000
At 1 January 2022	8,221	49,442	11,409	(71,896)	(2,824)
Total present loss and comprehensive loss for the year	-	-	-	(5,026)	(5,026)
Exercise of warrants	157	1,099	-	969	2,225
Grant of share options	-	-	1,854	-	1,854
Modification of bond	-	-	549	-	549
At 31 December 2022	8,378	50,541	13,812	(75,953)	(3,222)
Total comprehensive loss for the year	-	-	-	(4,206)	(4,206)
Issue of shares	841	3,624	-	-	4,465
Grant of share options	-	-	416	-	416
At 31 December 2023	9,219	54,165	14,228	(80,159)	(2,547)

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 25, 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 2023

Company	Share capital	Share premium account	Other reserves	Retained losses	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2022	8,221	49,442	3,084	(68,581)	(7,834)
Total present loss and comprehensive loss for the year	-	-	-	(4,550)	(4,550)
Exercise of warrants	157	1,099	-	969	2,225
Grant of share options	-	-	1,854	-	1,854
Modification of bond	-	-	549	-	549
At 31 December 2022	8,378	50,541	5,487	(72,162)	(7,756)
Total comprehensive loss for the year	-	-	-	(2,442)	(2,442)
Issue of shares	841	3,624	-	-	4,465
Grant of share options	-	-	416	-	416
At 31 December 2023	9,219	54,165	5,903	(74,604)	(5,317)

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 25, 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.

GROUP AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 €'000	Group 2022 €'000	Company 2023 €'000	Company 2022 €'000
Cash used in operations					
Loss before tax		(4,348)	(5,252)	(2,585)	(4,753)
Impairment of investments	16	303	154	-	154
Share of post-tax losses of equity accounted associates	8	59	69	59	69
Non cash foreign exchange movements	16	-	(35)	-	-
Finance charges	9	296	637	295	635
Depreciation expense	14	55	49	-	-
Decrease /(increase) in receivables	17	1,383	474	110	(196)
(Decrease) /increase in payables	19	(164)	346	(298)	433
Impairment of intercompany receivables		-	33	-	12
Share based payments		416	1,854	416	1,854
R&D tax credit received		154	-	154	-
Net cash outflow from operating activities		(1,846)	(1,671)	(1,849)	(1,792)
Cash flows from investing activities					
Purchase of investments	16	(22)	(50)	(22)	(50)
Purchase of other investments		(5)	-	(6)	-
Purchase of property, plant and equipment	14	-	(111)	-	-
Purchase of intangible assets	15	(2)	-	-	-
Net cash outflow from investing activities		(29)	(161)	(28)	(50)
Cash flows from financing activities					
Proceeds from capital issue		3,465	-	3,465	-
Proceeds from exercise of warrants		-	1,256	-	1,256
Net interest paid		(9)	-	(9)	-
Net cash (outflow)/inflow from financing activities		3,456	1,256	3,456	1,256
Net (decrease) /increase in cash for the year		1,581	(576)	1,579	(586)
Cash and cash equivalents at beginning of year		463	1,039	449	1,035
Exchange differences		13	-	13	-
Cash and cash equivalents at end of year	18	2,057	463	2,041	449

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 Financial Reporting 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 functional and presentation of the entity rounded to the nearest €'000.

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment (issued in May 2020) in the current year. This has not had a material impact on the Group financial statements.

The Group has adopted the amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020) in the current year. This has not had a material impact on the Group financial statements.

Going Concern

In 2023 the Group incurred a loss of €4,206,000 (2022: €5,026,000) and had net current liabilities as at 31 December 2023 of €3,121,000 (2022: net current assets of €4,414,000). Our forecasts for the period to 30 June 2025 has been prepared on the prudent assumptions that the Group will still be nonrevenue-generating, will not receive any portion of its litigation claims, and will not receive any debtor cash settlement specifically from Mediapolis Liquidation proceedings. Nonetheless, on the basis of the equity funding raised last 1 June 2023 and 30 October 2023 which raised a total of EUR 2.74 million, and the extension on our two convertible bond repayments from December 2024 to December 2026, we believe that the Group, at the date of this report, may hold sufficient liquidity to sustain its operational existence for the following twelve months without the specific necessity to raise further funding either through an equity placing on AIM, or through other external sources, unless for additional specific investment opportunities or ventures.

After making due enquiries, the Directors have formed a judgement that there is a reasonable expectation that, in the next twelve months, there should be no need to secure further resources, but in case of new investment opportunities the Group can secure further funds to sustain such expenses and that adequate arrangements will be in place to enable the settlement of their financial commitments, as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

On this note, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notwithstanding the above, the Directors believe that due to the little headroom existing within our budget at 30 June 2025 and the inherent commercial uncertainties in relation to future events, a material uncertainty over the outcome of the matters described exists and Group might be required to raise further finance and note the uncertainty in relation to the group being able to realise its assets and discharge its liabilities in the normal course of business.

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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

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.

There is alignment of accounting policies across all Group entities by using uniform accounting policies for like transactions and other events in similar circumstances.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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.

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 impairment loss.

Investments in associates

Investments in associates are accounted for using the equity method less any impairment loss.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

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. This is applicable to non-monetary items. 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 profit or loss. 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 are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Taxation

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

Revenue

The Group provides consultancy services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations, and then
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised 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 on a straight-line basis to write down the cost less estimated residual value. The following useful lives are applied:

Computers	5 years
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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 property, plant and equipment

At each reporting end date, the company reviews the carrying amounts of its property, plant and equipment 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.

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

Financial instruments

Classification and measurement

The Group 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 Group's policy with regard to financial risk management is set out in Note 21. Generally, the Group does not acquire financial assets for the purpose of selling in the short term.

The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

Cash and cash equivalents

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

Impairment of financial assets

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

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

Financial liabilities

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

Convertible bonds

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

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

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

Borrowings costs

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

Provisions, contingent assets and contingent liabilities

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

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

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the Group. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. When the inflow of benefits is virtually certain an asset is recognised.

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 in profit or loss over the period in which the group recognises as expenses the related costs for which the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. Accounting policies (continued)

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.

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 and in other relevant notes in the financial statements.

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 un-listed 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 16, along with sensitivities in Note 21.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. Segment information

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.

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 developing cheaper and faster bitcoin mining. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. Therefore, the Directors have determined that there is only one reportable segment under IFRS 8.

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

5. Staff costs

	Group		Company	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Staff costs during the period including directors comprise:				
Wages and salaries	217	188	217	188
Social security costs and pension contributions	(90)	228	(90)	228
Share options expense	416	1,854	416	1,854
	543	2,270	543	2,270

In 2022 the social security costs and pension contributions included a provision relating to the directors national insurance of €210,000. Of this provision, €113,000 was subsequently reversed in 2023 contributing to the credit balance for the year.

6. Directors' emoluments

	2023 €'000	2022 €'000
Aggregate emoluments	142	116
Share options expense	416	1,728
	558	1,844

Remuneration of the highest paid Director was €69,000 (2022: €57,000).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Expenses by nature

	2023	2022
	€'000	€'000
Directors' emoluments	462	1,844
Employee emoluments	99	378
Professional and legal fees	722	509
Audit fees	56	86
Administrative expenditure	201	216
Impairment of assets (excluding investment)	1,527	618
Fundraising fees	-	75
Research and development costs	781	821
	3,848	4,547

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:

	2023	2022
	€'000	€'000
Loss from continuing operations	(59)	(69)
Impairment	-	(82)
Total comprehensive loss	(59)	(151)
Aggregate carrying amount of the Group's interests in this associate	7	60

9. Finance (costs)/income

	2023	2022
	€'000	€'000
(Loss)/gain on derivatives	9	(324)
Interest on convertible bonds	(320)	(325)
Bank revaluations	5	-
Interest credit on modification of convertible bonds	-	9
Other gains or losses	-	-
Interest received	12	6
Bank fees	(2)	(2)

(296) (636)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

10. Auditor's remuneration

	2023	2022
	€'000	€'000
Group Auditor's remuneration:		
Fees payable to the Group's auditor for the audit of the Company and consolidated financial statements:	56	56
Non audit services:		
Other services (tax)	-	-
Subsidiary Auditor's remuneration		
Other services pursuant to legislation	-	-
	56	56

11. Employee numbers

	Group		Company	
	2023	2022	2023	2022
	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

12. Taxation

	2023	2022
	€'000	€'000
Corporation tax - current period	(100)	(117)
Corporation tax - prior period under provision	(41)	(86)
Foreign tax	(1)	(23)
Deferred taxation	-	-
Tax charge for the year	(142)	(226)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

12. Taxation (continued)

The Group's unutilised losses are as follows:

	2023	2022
	€'million	€'million
Trading losses	4	2
Management expenses	19	19
Non trade loan relationship deficits	2	2
Capital losses	9	8

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 23.5% (2022: 19%). The standard rate of Research and Development Tax credit is 10%/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:

	2023	2022
	€'000	€'000
Continuing operations		
Loss for the year before tax	(4,348)	(5,252)
Tax on ordinary activities at standard rate	(1,022)	(998)
Effects of:		
Expenses not deductible for tax purposes	497	595
R&D enhancement	(168)	(153)
R&D losses surrendered	344	270
R&D Foreign Tax losses surrendered	11	11
Losses brought forward claimed	-	-
Tax losses available for carry forward against future profits	338	275
Total tax payable	-	-
Enhanced R&D expenditure	1,273	804
Total tax repayable – current year	100	117
Corporation tax - prior period under provision	41	86
Foreign tax	1	23

Total tax repayable	142	226
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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 2023 (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:

	2023			2022		
	Profit/ (Loss) €'000	Weighted average no. of shares 000's	Per share amount Euro Cent	Profit/ (Loss) €'000	Weighted average no. of shares 000's	Per share amount Euro Cent
Basic earnings per share						
Continuing operations	(4,206)	1,102,309	(0.382)	(5,026)	989,497	(0.508)
Total operations	(4,206)	1,102,309	(0.382)	(5,026)	989,497	(0.508)
Fully diluted earnings per share						
Continuing operations	(4,424)	1,727,130	(0.256)	(5,091)	1,632,694	(0.312)
Total operations	(4,424)	1,727,130	(0.256)	(5,091)	1,632,694	(0.312)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. Property, plant and equipment

Group	Computers €'000	Total €'000
Cost		
At 1 January 2023	275	275
Additions	-	-
At 31 December 2023	<u>275</u>	<u>275</u>
Depreciation and impairment		
At 1 January 2023	49	49
Depreciation charged in the year	57	57
At 31 December 2023	<u>106</u>	<u>106</u>
Carrying amount		
At 31 December 2023	169	169
At 31 December 2022	226	226

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 2022 and 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. Intangible assets

Group	Formation Expenses €'000	Total €'000
Cost		
At 1 January 2023	-	-
Additions	2	2
At 31 December 2023	2	2
Amortisation		
At 1 January 2023	-	-
Amortisation charged in the year	-	-
At 31 December 2023	-	-
Carrying amount		
At 31 December 2023	2	2
At 31 December 2022	-	-

The intangible assets relate in full to formation expenses.

16. Investments

The significant entities for which the Group owns shares, held at 31 December 2023, 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	(36,169)	2022	Consolidated
Clear Leisure 2017 Ltd	100.00%	UK	Trading	(537)	2022	Consolidated
QBT R&D Srl	100.00%	Italy	Trading	(69)	2022	Consolidated
Milan Digital Twin Ltd	100.00%	UK	Dormant	Nil	2022	Consolidated
London Digital Twin Ltd	100.00%	UK	Dormant	Nil	2022	Consolidated
Miner One Ltd	100.00%	UK	Dormant	Nil	2022	Consolidated
Clear Holiday Srl	100.00%	Italy	Dormant	10	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
Sipiem in Liquidazione Srl	50.17%	Italy	In liquidation	645	2014	Not Consolidated
ForCrowd Srl	41.17%	Italy	Investment	(8)	2022	Equity-accounting
ClassFinance in Liquidazione Srl	20.00%	Italy	Investment	(104)	2018	Held at fair value

PBV Monitor	10.00%	Italy	Investment	471	2022	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	Held at fair value
TLT S.P.A	0.25%	Italy	Investment	(2,476)	2016	Held at fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. Investments (continued)

The registered office of all UK companies is: First Floor, 1 Chancery Lane, London, England, WC2A 1LF.

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 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 Sipiem in Liquidazione Srl is Via Mazzini 38, Rovigo (RO), 45100.

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.

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 above. 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 and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. Investments (continued)**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. Although QBT hold all of the shares, they do not have control of the company. Therefore, this entity has not been consolidated on the basis that QBT do not have control. 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.

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. had 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 had been declared bankrupt. Sosushi has not been consolidated as the fair value has been determined as nil and all receivables from the company have been fully impaired. The litigation is held via Clear Leisure 2017.

Fallimento Mediapolis Srl

Fallimento Mediapolis Srl was an 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. There is ongoing bankruptcy litigation

however, the investment has been fully impaired. Therefore, the financial information for Fallimento Mediapolis Srl has not been consolidated into the group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. Investments (continued)

Sipiem In Liquidazione Srl

Sipiem in Liquidazione Srl, previously Sipiem S.P.A., (“Sipiem”) was a 50.17% owned entity incorporated in Italy. The entity had not been trading for a number of years and was maintained due to ongoing legal matters with the former directors. The company entered into liquidation in 2015. Therefore, this is the date from which control is deemed to have been lost. Therefore, the financial information for Sipiem has not been consolidated into the group financial statements. The investment in Sipiem is accounted at fair value through profit or loss. Furthermore, in August 2022 the company was declared bankrupt by the Court of Rovigo, following a petition filed by Sipiem’s liquidator with the support of its main shareholder (Quantum Blockchain Technologies). Sipiem’s bankruptcy does not impact the Company’s balance sheet, as the litigation is held via Clear Leisure 2017.

In November 2022, the Venice Court issued its final judgement in respect of the Company’s legal claim against the previous management, which is held via CL17 in which it ruled in favour of CL17 and ordered the defendants to pay an aggregate amount of €6,188,974 (plus interest and adjustments for inflation to accrue from different dates until the date of payment) in damages, plus €85,499 in legal expenses (together the “Award Payment”). The Award Payment is subject to tax duties in Italy. It is worth noting that the exact amount of the Award Payment that will be collected by the Company and the timing of receipt of any such funds have not yet been finalised.

In March 2023, the Company announced that at the hearing for the Sipiem litigation at the Venice Appeal Court, the judge ruled in favour of CL17, thereby allowing CL17 to seek enforcement of the Award Payment against the main Sipiem defendant (a former director of Sipiem, who is individually liable for the full amount of the Award Payment). The Appeal Court did, however, grant the remaining Sipiem defendants’ request to enjoin enforcement of the judgment against the members of the internal audit committee and the main defendant’s family members.

In May 2024, the Company announced that at the end of April 2024, it reached an agreement with some of the Sipiem litigation co-liable defendants who have settled their position for €700,000 (which, net of certain costs, has been received by CL17). At the same time, CL17 also reached an agreement with the Sipiem’s receiver, acquiring its right to receive 30% of any sums collected (net of legal and other costs) from the Sipiem litigation, as envisaged in the 2019 claim purchase agreement (through which CL17 acquired the Sipiem litigation) for an amount of €170,000, giving CL17 rights to all funds recovered.

On 18 June 2024, the Company announced that the Venice Court of Appeal confirmed the ruling of the 2022 lower court Judgment in favour of CL17 (save for €105,412), amounting to €6,083,562 (plus interest and adjustments for inflation) in damages, plus €134,166 for legal expenses. As the appeal ruling has been issued prior to the scheduling of the hearing regarding the €700,000 settlement, such settlement is now deemed void. So is the €170,00 agreement with the Receiver, as strictly connected to the above settlement. Through its ruling, the Venice Court of Appeal removed any opposition to the enforceability, by CL17, of the above amounts against all defendants.

While the above matter is currently being assessed by the Company’s legal team, the Company still hold the above Settlement funds, minus the €170,000 paid to the Receiver for the 30% rights. In the meantime, all the parties involved, namely the Receiver, the Sipiem’s statutory auditor’s lawyers and

the insurer's lawyers are being contacted to discuss the contractual implications of the voided Settlement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. Investments (continued)

ForCrowd Srl

ForCrowd Srl is a 41.17% owned investment of the group 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 was 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. The company was placed into liquidation in 2015. The investment in ClassFinance in Liquidazione Srl is accounted at fair value through profit or loss. The fair value is assessed to be nil and fair value loss has been fully recognised.

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 (€76,000, 2022: €55,000) has increased during the year due to the reassessment to fair value.

There were additional rounds of equity funding in January and February 2022, in which the entire post money valuation of the company was €1,429,000, with Quantum Blockchain Technologies directly holding 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 (€320,000, 2022: €622,000) 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 2023 and 2022, attributable to an impairment during the year.

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 2023 (CONTINUED)

16. 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. 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, 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, there has been a complete fair value loss and the investment amount has been derecognised.

Carrying value of investments	Group		Company	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
At as 1 January	677	664	65	298
Additions	22	50	22	50
Fair value decrease	(303)	(72)	-	(283)
Foreign exchange	-	35	-	-
Carrying value at 31 December	396	677	87	65

An amount of €320,000 (2022: €622,000) 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 €76,000 (2022: €55,000) 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 and has purchased more shares in January and February 2022 to maintain their 10% shareholding. As part of the initial 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 2023 (CONTINUED)**

16. Investments (continued)

Investments held at cost	Group		Company	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
At as 1 January	-	-	10	10
Additions	-	-	1	-
Fair value decrease	-	-	-	-
Foreign exchange	-	-	-	-
Carrying value at 31 December	-	-	11	10

The value of the investment at cost represents €10,000 for QBT R&D and €1,000 for BAL which was not previously recognised.

17. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Trade receivables	14	14	-	-
Other receivables	3,154	4,537	189	280
Amounts owed by related parties	75	75	757	776
	3,243	4,626	946	1,056

Group other receivables includes an amount of €132,000 (2022: €132,000) due in relation to the Fallimento Mediapolis Srl bankruptcy procedure; and an amount of €2,818,000 (2022: €4,037,000) due in relation to the ongoing Sipiem legal claim, which is unsecured, interest free and does not have fixed terms of repayment. The balance also includes an amount of -€112,000 (2022: €0) in CL17 to record the guarantee made against fellow group entity debtors. An intercompany balance of €4,445,000 was fully impaired in the year.

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

18. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
Bank current accounts	2,057	463	2,041	449

2,057	463	2,041	449
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The Directors consider the carrying amounts of cash and cash equivalents approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. Trade and other payables

	Group		Company	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Trade payables	85	147	64	122
Other payables	138	183	138	320
Accruals	190	135	188	135
Trade and other payables	413	465	390	577

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

Included within other payables are intercompany balances that are not eliminated on consolidation, PAYE, national insurance and pension liabilities outstanding as at the year end, and unpaid salary balances.

Accruals relate to R&D, consulting and accountancy costs incurred by the Group that had not been invoiced by the year end.

20. Borrowings

	Group		Company	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Zero rate convertible bond 2015	5,202	5,148	5,202	5,148
Zero rate convertible bond 2020	2,249	2,983	2,249	2,983
	7,451	8,131	7,451	8,131
Disclosed as:				
Current borrowings	7,451	-	7,451	-
Non-current borrowings	-	8,131	-	8,131
	7,451	8,131	7,451	8,131

Interest on the bonds are accrued on a monthly basis. Presented in the bonds line item above is the principal amount plus all interest accrued as at 31 December 2023.

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%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. Borrowings (continued)

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.

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.

On 7 July 2023, the Company received a conversion notice from MC Strategies AG to convert €1m of the 2020 Zero Coupon Bond into new ordinary shares of 0.025p each in the Company. The conversion price was 1p per share and as a result, the Company issued and allotted 89,000,000 New Shares. Following the conversion, face value of the remaining Bond has decreased to €2,493,575.

21. Financial instruments

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

	2023	2022
Share price	1.575p	1.125p
Expected life	1 year	2 years
Volatility	146.2%	136%
Dividend yield	0%	0%
Risk free interest rate	3.46%	3.58%

Fair value

0.45p

0.5p

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Financial instruments (continued)

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:

	2023	2022
	€'000	€'000
Financial assets:		
Financial assets held at fair value through profit and loss	396	677
Investments in equity-accounted associates	7	60
Trade and other receivables	3,243	4,284
Cash and cash equivalents	2,057	463
	5,703	5,484

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:

	2023	2022
	€'000	€'000
Financial liabilities at amortised cost:		
Trade and other payables	413	465
Provisions	98	210
Borrowings	7,451	8,131
Derivative	459	468
	8,421	9,274

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

21. Financial instruments (continued)

Financial instruments measured at fair value:

	Level 1 €'000	Level 2 €'000	Level 3 €'000
As at 31 December 2023			
Investments at fair value through profit or loss	-	-	396
	-	-	396
As at 31 December 2022			
Investments at fair value through profit or loss	-	-	677
	-	-	677

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Financial instruments (continued)

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 €60,000 (2022: €102,000).

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 adequate cash balances at the reporting date (refer to Note 2 – Basis of preparation and going concern) to sustain the operational existence over the next twelve months. The Group expects to continue securing resources from disposals and realisation of the "Legacy Assets". Furthermore, the Company expect to be able to start its commercial activity in the coming months, although prudentially, no significant revenues have been included in the short-term financial projections. This is an on-going ongoing process and the directors are confident with their cash flow models.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

21. Financial instruments (continued)

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 2023				
Trade and other payables	413	413	-	413
Provisions	98	98	-	98
Borrowings	7,451	7,451	-	7,451
Derivative financial instruments	459	459	-	459
	8,421	8,421	-	8,421
As at 31 December 2022				
Trade and other payables	465	465	-	465
Provisions	210	210	-	210
Borrowings	8,131	-	8,131	8,131
Derivative financial instruments	468	-	468	468
	9,274	675	8,599	9,274

Management believes that based on the information provided in Note 2 – 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	
	2023	2022	2023	2022
		€'000		€'000
Fixed rate instruments				
Financial assets	3,472	5,021	194	222
Financial liabilities	7,830	8,528	7,808	8,503

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Financial instruments (continued)

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

Group	Gain / (loss)	
	2023 €'000	2022 €'000
Euribor +0.5% / -0.5%	+10 / -10	+2 / -2

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 £387,000 (2022: £435,000) 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 £39,000 (2022: £44,000). The Group's functional and presentational currency is the Euro as it is the currency of its main trading environment, and most of the Group's assets and liabilities are denominated in Euro. The parent company is located in the sterling area.

Credit risk management

The Group's financial instruments, which are subject to credit risk, are considered to be trade and other receivables. There is a risk that the amount to be received becomes impaired. The Group's maximum exposure to credit risk is €3,243,000 (2022: €4,626,000) comprising receivables during the period. About 87% (2022: 87%) of total receivables are due from a single company. The ageing profile of trade receivables was:

Group	2023		2022	
	Total book value €'000	Allowance for impairment €'000	Total book value €'000	Allowance for impairment €'000
Current	3,243	-	4,626	-
	3,243	-	4,626	-
Company				
Current	946	-	1,056	-
	946	-	1,056	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

22. Provisions

	Group		Company	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Provision for potential payroll tax liability	98	210	98	210
Provisions	98	210	98	210

The above provision relates to a potential tax liability owed on the directors' remuneration from previous years.

23. 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 2022	945,051,851	199,409,377	2,754	5,467	49,442	57,663
Issue of shares	52,500,000	-	157	-	1,099	1,256
At 31 December 2022	997,551,851	199,409,377	2,911	5,467	50,541	58,919
Issue of shares	293,761,904	-	841	-	3,624	4,465
At 31 December 2023	1,291,313,755	199,409,377	3,752	5,467	54,165	63,384

All ordinary shares carry equal rights.

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

24. Share based payments

On 26 May 2023, an employee was granted options to subscribe for 1,000,000 new ordinary shares in the Company at an exercise price of 5 pence per share and 1,000,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 1 November 2023 and 25 May 2025.

On 31 May 2023, two employees were 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 at any time before 25 May 2025.

On 31 May 2023, the Company has extended the exercise period for certain other options previously granted, as follows:

Number of Options	Exercise Price	Previous End of Exercise Period	New End of Exercise Period
2,500,000	5p	06/05/2024	25/05/2025

2,500,000	5p	28/02/2023	25/05/2025
7,500,000	5p	31/03/2023	25/05/2025
5,000,000	10p	30/06/2023	25/05/2025

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. Share based payments (continued)

The total share-based payment expense recognised in the income statement for the year ended 31 December 2023 in respect of the share options granted was €416,000 (2022: €1,854,000).

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

	5p	10p
Share price	1.125p - 3.100p	1.175p - 3.050p
Expected life	2 months - 3 years	6 months - 3 years
Volatility	130% - 137%	130% - 137%
Dividend yield	0%	0%
Risk free interest rate	0.76% - 4.27%	0.76% - 4.27%
Fair value	0.0p - 2.1p	0.0p - 1.7p

The table below discloses the movements in share options during the year.

Number of options at 1 Jan 2023	Granted in the year	Exercised in the year	Lapsed in the year	Number of options at 31 Dec 2023	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
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	25.05.2025
5,000,000	—	—	—	5,000,000	10.00	01.12.2026
2,500,000	—	—	—	2,500,000	5.00	15.12.2024
2,500,000	—	—	—	2,500,000	10.00	15.12.2024
2,500,000	—	—	—	2,500,000	5.00	15.12.2024
2,500,000	—	—	—	2,500,000	5.00	25.05.2025
2,500,000	—	—	—	2,500,000	5.00	25.05.2025
5,000,000	—	—	—	5,000,000	5.00	25.05.2025
5,000,000	—	—	—	5,000,000	10.00	25.05.2025
5,000,000	—	—	—	5,000,000	5.00	22.05.2025
5,000,000	—	—	—	5,000,000	10.00	22.05.2025
5,000,000	—	—	5,000,000	—	5.00	31.10.2023
—	1,000,000	—	—	1,000,000	5.00	25.05.2025
—	1,000,000	—	—	1,000,000	10.00	25.05.2025
—	5,000,000	—	—	5,000,000	10	25.05.2025
265,000,000	7,000,000	—	5,000,000	267,000,000		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. Share based payments (continued)

On 20 December 2022, Peter Fuhrman, a director, 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 12 September 2022 and 15 December 2024. Peter Fuhrman was also granted options to subscribe for 2,500,000 new ordinary shares in the Company at an exercise price of 10 pence per share. The options are exercisable for the period between 12 September 2022 and 15 December 2024.

On 20 December 2022, Mark Michael Trafeli, a director, 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 1 September 2022 and 15 December 2024.

On 20 December 2022, a consultant 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 20 December 2022 and 31 March 2023. Another consultant 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 20 December 2022 and 31 March 2023. A third consultant 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 20 December 2022 and 31 March 2023. The third consultant 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 1 January 2023 and 30 June 2023. A fourth consultant 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 20 December 2022 and 22 May 2025. The fourth consultant 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 23 May 2023 and 22 May 2025. On 20 December 2022, a fifth consultant 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 20 December 2022 and 31 October 2023.

The total share-based payment expense recognised in the income statement for the year ended 31 December 2023 in respect of the share options granted was €416,000 (2022: €1,854,000).

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

	<u>5p</u>	<u>10p</u>
Share price	1.175p - 3.100p	1.175p - 3.050p
Expected life	2 months - 3 years	6 months - 3 years
Volatility	130% - 136%	130% - 136%
Dividend yield	0%	0%
Risk free interest rate	0.76% - 3.58%	0.76% - 3.58%
Fair value	0.0p - 2.1p	0.0p - 1.7p

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. Share based payments (continued)

The table below discloses the movements in share options during 2022.

Number of options at 1 Jan 2022	Granted in the year	Exercised in the year	Lapsed in the year	Number of options at 31 Dec 2022	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
–	2,500,000	–	–	2,500,000	5.00	15.12.2024
–	2,500,000	–	–	2,500,000	10.00	15.12.2024
–	2,500,000	–	–	2,500,000	5.00	15.12.2024
–	2,500,000	–	–	2,500,000	5.00	31.03.2023
–	2,500,000	–	–	2,500,000	5.00	31.03.2023
–	5,000,000	–	–	5,000,000	5.00	31.03.2023
–	5,000,000	–	–	5,000,000	10.00	30.06.2023
–	5,000,000	–	–	5,000,000	5.00	22.05.2025
–	5,000,000	–	–	5,000,000	10.00	22.05.2025
–	5,000,000	–	–	5,000,000	5.00	31.10.2023
237,500,000	37,500,000	–	10,000,000	265,000,000		

25. 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	Capital redemption reserve €'000	Total other reserves €'000
At 1 January 2022	8,325	462	2,622	-	11,409
Grant of share options	-	-	1,854	-	1,854
Modification of bond	-	-	-	549	549

At 31 December 2022	8,325	462	4,476	549	13,812
Grant of share options	-	-	416	-	416
Modification of bond	-	-	-	-	-
At 31 December 2023	8,325	462	4,892	549	14,228

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

25. Other reserves (continued)

Company	Loan note equity reserve	Share option reserve	Capital redemption reserve	Total other reserves
	€'000	€'000	€'000	€'000
At 1 January 2022	462	2,622	-	3,084
Grant of share options	-	1,854	-	1,854
Modification of bond	-	-	549	549
At 31 December 2022	462	4,476	549	5,487
Grant of share options	-	416	-	416
Modification of bond	-	-	-	-
At 31 December 2023	462	4,892	549	5,903

26. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

27. 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	2023 Group	2022 Group	2023 Company	2022 Company
	Clear Leisure 2017 Limited	-	-	265,631
QBT R&D Srl	-	-	410,881	448,655
Geosim Systems Limited	49,874	49,605	55,386	49,605
ForCrowd Srl	55,000	25,000	55,000	22,500
	104,874	74,605	786,898	776,335

During the year, Quantum Blockchain Technologies Limited made sales totalling €10,000 (2022: €10,000) to QBT R&D Srl, for consulting services.

During the year, QBT R&D Srl made sales totalling €109,000 (2022: €109,000) to Quantum Blockchain Technologies Plc, for consulting and R&D services.

During the year, Infusion 2009 Limited, a company in which F Gardin is a Director, charged Quantum Blockchain Technologies Plc €288,000 (2022: €200,000) for consulting company fees for R&D coordination. The amount owed to Infusion 2009 Limited at year end is €nil (2022: €34,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

27. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the directors, who are the key personnel of the group, is included in the Directors Report and within note 6. Under "IAS 24: Related party disclosures", all their remuneration is in relation to short-term employee benefits.

28. Events after the reporting date

During the first months of 2024, the Company has been involved in the following:

In January the Company reported an extension of the maturity of the €3.5m 2020 Zero Coupon Bond from 15 December 2024 to December 2026 with the sole Bondholder of the Company, MC Strategy S.A.

In February a meeting was held on 22 February 2024 with regard to the 2013 Zero Coupon Bond. The Company extended the maturity date from 15 December 2024 to 15 December 2026 and modified the conversion price from 5p to 3p.

In March 2024, the Company announced a new development, called Method C, based on Machine Learning and using predictive AI technology that is producing consistent results during testing. In testing environments Method C had favourably demonstrated predictive ability in c. 30% of instances where it was input to SHA-256 producing a winning hash, resulting in a potential saving of energy. At the same time, QBT announced that it had commenced development of a proprietary ASIC chip. A working prototype is about to undergo development to confirm performance levels, and the Company entered into early-stage exploratory discussions with Bitcoin rig manufacturers and US Bitcoin mining companies. Also in March, the Company noted that the porting of Method A and Method B into commercial rigs had proven to be very challenging. The R&D team engaged in testing different solutions for the final stage in order to deliver a fully reliable product. Finally, per the same announcement, QBT disclosed that its first two patent applications (ASIC UltraBoost and ASIC EnhancedBoost) were making positive headway and that a third patent application was being drafted concerning the proprietary quantum version of SHA-256.

In May 2024, the Company announced that at the end of April 2024, it reached an agreement with certain of the Sipiem litigation co-liable defendants who have settled their position for €700,000 (which, net of certain costs, has been received by CL17). Following this agreement, the remaining value of the Award Payment is approximately €5.575 million (plus interest and inflation adjustment) which amount CL17 continues to pursue.

At the same time, CL17 also reached an agreement with the Sipiem's receiver, acquiring its right to receive 30% of any sums collected (net of legal and other costs) from the Sipiem litigation, as envisaged in the 2019 claim purchase agreement (through which CL17 acquired the Sipiem litigation) for an

amount of €170,000, giving CL17 rights to all funds recovered, namely the €700,000 of the above agreement and the balance amounting to €5.575 million plus interest and augmentation for inflation.

In June, QBT confirmed that the payment of €700,000 had been completed, and that €170,000 has been paid by CL17 to Sipiemi's Receiver with respect to the acquisition by CL17 of the Receiver's right to receive 30% of any further sums collected in connection with the claim (net of legal fees).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. Events after the reporting date (continued)

Subsequently, in June 2024, the Company announced that the Venice Court of Appeal confirmed the ruling of the 2022 lower court Judgment in favour of CL17 (save for €105,412), amounting to €6,083,562 (plus interest and adjustments for inflation) in damages, plus €134,166 for legal expenses. As the appeal ruling has been issued prior to the scheduling of the hearing regarding the Settlement, such settlement is now deemed void. While the above matter is currently being assessed by the Company's legal team,

the Company still hold the above Settlement funds, minus the €170,000 paid to the Receiver for the 30% rights. In the meantime, all the parties involved, namely the Receiver, the Sipiemi's statutory auditor's lawyers and the insurer's lawyers are being contacted to discuss the contractual implications of the voided Settlement.