

PRESS RELEASE  
9 September 2020

**Argo Blockchain Plc**  
("Argo" or "the Group")

**Interim Half Year Results 2020**  
**Directorate Change**

Argo Blockchain Plc, the leading UK-based cryptominer (LSE: ARB), is pleased to announce its results for the six months to 30 June 2020.

**Financial highlights**

- Total number of Bitcoins mined during H1 2020 rose from 306 to 1,669, a 545% increase from H1 2019
- Revenues surge 280% to £11.12m reflecting major ramp-up in production (H1 2019: £2.93m)
- Cash at bank amounted to £1.3m at 30 June 2020, up from £0.16m at 31 December 2019
- EBITDA\* increased by 96% to £3.23m (H1 2019: £1.65m)
- Mining margin of 39% (H1 2019: 76%) despite the halving of the Bitcoin mining reward and amid challenging conditions
- Pre-tax profit of £0.52m (H1 2019: £0.95m)

\*Earnings before interest, tax, depreciation and amortisation.

**Operating highlights**

- Appointed new leadership team in January 2020 under executive chairman Ian MacLeod and chief executive Peter Wall to drive Argo's next phase of growth
- Expanded production base by 260% to 18,000 machines (H1 2019: 5,000 machines) making Argo one of the world's largest publicly listed miners with 730 petahash capacity
- Enhanced power consumption efficiencies with proprietary performance optimisation tools developed by Argo's in-house technology team

Commenting on the results, Peter Wall, chief executive, said: 'We delivered strong growth while successfully navigating through challenging trading conditions, including the halving of Bitcoin rewards, during the first half of the year. With one of the world's largest and most efficient mining platforms owned by a publicly listed company, the board considers Argo is well positioned to benefit from improving market conditions and rising cryptocurrency prices.'

**Directorate Change**

Separately, the Group today announces that James Savage is stepping down as finance director to pursue other business interests outside the crypto mining industry. The Group thanks James for his significant contributions and wishes him well. Alex Appleton will be joining the company as Interim Finance Director and will be working closely with James over the next few months to transition the portfolio and responsibilities. Alex (CA) is a member of the Institute of Chartered Accountants of Scotland and brings 19 years of experience in auditing and corporate. He brings 8 years of board level experience to the role as both a Finance Director and as Chief Operations Officer. Alex has previously held roles within large multinational organisations and worked within the cryptocurrency sector. He specialises in financial planning, business analysis and financial modelling.

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### About Argo

Argo Blockchain plc is a global leader in cryptocurrency mining with one of the world's largest and most efficient operations. Argo is headquartered in London, UK and its shares are listed on the Main Market of the London Stock Exchange under the ticker: ARB.

[www.argomining.com](http://www.argomining.com)

See Argo's largest facility in Quebec:

<https://youtu.be/LDWWaZ75Zbk>

### Interim Management Report

Argo's new leadership team came on board in January to drive the next phase of the Group's growth and immediately faced a number of major challenges in the first half of 2020 including the Bitcoin halving, the C19 pandemic and market volatility. Despite the challenges the Group made excellent progress in executing its long term strategy to establish Argo as a leading publicly-listed miner and deliver operational efficiency during this first half of 2020.

The strong growth reflects the expansion of our crypto-mining operations following the completion of a major infrastructure build-out on time and on budget in the first three months of the year. At the same time, we also maintained a robust financial position with an almost debt-free balance sheet.

These results were achieved amid considerable uncertainty and a highly volatile pricing environment for digital currencies in the run-up to the halving of Bitcoin mining rewards that occurred in May. The halving is an event that occurs roughly every four years on the Bitcoin protocol and reduces the amount of new Bitcoin issued to miners as a reward for mining a block. This reduced award for mining coins, results in greater pressure on inefficient miners and can affect difficulty rates. The global pandemic caused by COVID-19 brought new execution risks, though this factor has not affected our operations to date.

Building on the strong momentum from late last year, the Group rapidly ramped up its production base to approximately 18,000 machines and 730 petahash slightly earlier than planned. This involved the installation and production start-up of approximately 11,000 new machines in the first three months of the year, compared with a total installed capacity of 5,000 machines in the first half of 2019 and 7,000 at the end of last year. The successful roll-out means that Argo now has one of the world's largest new generation mining platforms owned and operated by a miner publicly-listed on a major exchange.

In June, a further 750 Z11 Antminer Bitmain machines were purchased for US\$474,000 and installed to mine for Zcash on the Equihash algorithm. These are working well and are expected to recoup their cost in about four months from going into production. These machines were better value than the latest models and increased Argo's total complement of Z11s to 1,750.

This purchase was in line with Argo's strategy to only increase its production capacity through tactical and incremental investment when market conditions and hardware prices are favourable.

The machines put into production in Q2 2019 have returned the cost of their investment and the machines purchased in Q3 and Q4 2019 are close to achieving a full return on investment.

A further significant achievement was the development of proprietary machine optimisation tools by our technology team. This innovation, together with the timely scale-up of our platform, were major factors in navigating through the difficult trading conditions which saw the Bitcoin price plunge briefly to a low of \$4,106 in mid March before recovering in June.

The optimisation tools and know-how were developed in-house and we expect these to continue providing a competitive edge to our mining operations. These tools adjust power consumption in line with prevailing Bitcoin prices and hash-rates, leading to improved efficiency, lower energy costs and potentially better returns.

The Group's H1 mining margin, at 39%, was, as expected, impaired by the impact of the Bitcoin halving and weak cryptocurrency prices. In addition, mining was somewhat further impacted by the well-known quality issues with the Bitmain T17 miners which were installed during the period, which has affected machine uptime and overall efficiency. Argo is in discussions with Bitmain and our host to address the impacts of this situation.

Separately, the Group today announces that James Savage is stepping down as finance director to pursue other business interests outside the crypto mining industry. The Group thanks James for his significant contributions and wish him well. Alex Appleton will be joining the company as Interim Finance Director and will be working closely with James over the next few months to transition the portfolio and responsibilities. Alex (ACA) is a member of the Association of Chartered Certified Accountants and brings 19 years' experience in auditing and corporate finance across EMEA. He brings 6 years' board level experience to the role as both a Financial Controller and as Chief Operations Officer. Alex has previously held roles within corporate finance at large multinational organisations and worked within the cryptocurrency sector. He specialises in financial planning, business analysis and financial modelling.

### Financial review

Revenue during the first six months of 2020 increased by 280% to £11.12m compared with £2.93m in the corresponding period last year. The growth is attributable to a significant increase in mining capacity.

Depreciation of computer hardware amounted to £2.91m (H1 2019: £0.65m). Hosting fees, including facility charges and electricity costs amounted to £6.79m (H1 2019: £0.71m). Both costs were accounted for under cost of sales.

Pre-tax profit declined to £0.52m (H1 2019: £0.95m) due to currency fluctuations, lower margins attributable to the halving and BTC price volatility.

Total administrative expenses for the period were as follows

Expense	H1 2020 £000's	H1 2019 £000's
General administrative expense	953	1,291
Foreign exchange gain - including fair value accounting adjustments for intergroup loans	(420)	(622)
Crypto asset (gain)/loss - including fair value accounting adjustments for crypto assets held	245	(37)
<b>Total administrative expenses</b>	<b>778</b>	<b>632</b>

Argo's new leadership's commitment to operational efficiency extends to reducing administrative costs where possible. Administrative spend has decreased by 26% (£0.34m) on the comparative period, primarily through:

- Exiting of prior management
- Legal and professional advisory services being kept to a minimum
- Internalising work previously carried out by consultants
- Negotiating a reduction in crypto exchange fees

Cash balances amounted to £1.3m as at 30 June 2020, compared with £5.6m the same time last year and £0.16m as at 31 December 2019. Short-term loans relating to new hardware purchases declined to £0.29m as at 30 June 2020, compared with £1.1m at 2019 year end.

As at 1 September 2020 Argo held £1.22m cash and £1.62m in cryptocurrencies based on the closing price on 1 September. In line with Argo's risk mitigation policy, cryptocurrencies generated by mining operations are sold for fiat currency at regular intervals. The timing of such sales is determined by Argo's management team led by chief executive Peter Wall.

## Outlook

The Group executed its strategy according to plan during the first half of 2020 and mined over five times as much Bitcoin as in the first 6 months of last year, all the while almost tripling revenues and almost doubling EBITDA. These results were achieved amid turbulent global financial markets and, more significantly, the halving of Bitcoin rewards and the Covid 19 pandemic.

Despite these challenges the Group entered the second half of 2020 in a robust financial position and with a solid mining base. This puts Argo in a strong position to take advantage of the recent recovery of both mining and financial markets as evidenced by our trading update for August announced on September 3, 2020.

Long term prospects for digital currencies continue to improve. Central banks are increasingly considering the wider acceptance of cryptocurrencies. In addition, the Covid pandemic has forced governments to spend at rates not seen since the end of the depression, which we believe will result in debasing the value of fiat currencies as investors seek out more predictable value from precious metals and, potentially, cryptocurrencies.

Our strategic priority in 2020 continues to be a focus on operational excellence and increasing our mining operations strategically. This encompasses maximizing the returns from our existing mining infrastructure, making intelligent decisions on deploying capital to grow our mining infrastructure, and continuing to improve average mining margins. We look forward to updating shareholders over the remainder of the year with the progress we make.

The Argo team has worked hard and deserves credit for the significant improvement in our results compared to 2019. Argo is now well positioned to take advantage of rising cryptocurrency prices and we look to the future with great confidence.

Ian MacLeod  
Executive Chairman

## Responsibility Statement

We confirm that to the best of our knowledge:

- the Interim Report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as adopted by the EU; and
- gives a true and fair view of the assets, liabilities, financial position and profit/loss of the Group; and
- the Interim Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.
- the Interim Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The Interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Ian MacLeod  
Executive Chairman

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The unaudited, condensed, consolidated statement of comprehensive income of the Group for the six-month period ended 30 June 2020 is set out below.

	Note	Period ended 30 June 2020 £	Period ended 30 June 2019 £
Revenue	5	11,124,455	2,933,019
Cost of sales			
- Hosting		(6,787,636)	(712,117)
- Mining kit depreciation		(2,909,480)	(646,654)
<b>Gross profit</b>		<b>1,427,339</b>	<b>1,574,248</b>
Administrative expenses			
- General expenses		(849,567)	(1,209,492)
- Foreign exchange gain		419,999	621,572
- Digital asset movements gain/(loss)		(244,827)	37,404
- Depreciation and amortisation		(102,982)	(81,659)
<b>Operating profit</b>		<b>649,962</b>	<b>942,073</b>
Finance income		26	4,784
Interest expense		(126,914)	-
<b>Profit before taxation</b>		<b>523,074</b>	<b>946,857</b>
Taxation		-	-
<b>Other comprehensive income</b>			
Items which may be subsequently reclassified to profit or loss:			
- Currency translation on non-monetary historical balances		(431,746)	-
<b>Total other comprehensive income, net of tax</b>		<b>(431,746)</b>	<b>-</b>
<b>Total comprehensive income attributable to the equity holders of the Company</b>		<b>91,328</b>	<b>946,857</b>
<b>Earnings per share attributable to equity owners (pence)</b>			
Basic earnings/(loss) per share	6	0.18p	0.32p
Fully diluted earnings/(loss) per share	6	0.15p	0.28p

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The unaudited, condensed, consolidated statement of financial position of the Group as at 30 June 2020 is set out below.

	Note	As at 30 June 2020 £	As at 31 Dec 2019 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	7	-	58,140
Financial assets at fair value through profit & loss	8	1,374,162	1,346,236
Intangible fixed assets	9	424,648	481,935
Tangible fixed assets	10	14,085,312	15,399,312
Other receivables	11	4,296,864	4,151,400
<b>Total non-current assets</b>		<b>20,180,986</b>	<b>21,437,023</b>
<b>Current assets</b>			
Trade and other receivables	12	1,550,752	2,085,699
Digital assets	13	837,919	1,040,964
Cash and cash equivalents		1,316,363	161,342
<b>Total current assets</b>		<b>3,705,034</b>	<b>3,288,005</b>
<b>Total assets</b>		<b>23,886,020</b>	<b>24,725,028</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	293,750	293,750
Share premium account	14	25,252,288	25,252,288
Foreign currency translation reserve		(253,506)	178,240
Accumulated deficit		(4,463,262)	(4,986,336)
<b>Total equity</b>		<b>20,829,270</b>	<b>20,737,942</b>
<b>Current liabilities</b>			
Trade and other payables	16	2,769,987	2,902,868

Loans	16	286,763	1,084,218
<b>Total liabilities</b>		<b>3,056,750</b>	<b>3,987,086</b>
<b>Total equity and liabilities</b>		<b>23,886,020</b>	<b>24,725,028</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The unaudited, condensed, consolidated statement of changes in equity of the Group for the six month period to 30 June 2020 is set out below.

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
<b>Balance at 1 January 2019</b>	293,750	25,252,288	-	(4,117,285)	21,428,753
<b>Total comprehensive loss for the period:</b>					
Profit for the period	-	-	-	946,857	946,857
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	946,857	946,857
<b>Transactions with equity owners:</b>					
Issue of share capital net of issue costs	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>293,750</b>	<b>25,252,288</b>	<b>-</b>	<b>(3,170,428)</b>	<b>22,375,610</b>

  

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
<b>Balance at 1 January 2020</b>	293,750	25,252,288	178,240	(4,986,336)	20,737,942
<b>Total comprehensive loss for the period:</b>					
Profit for the period	-	-	-	523,074	523,076
Other comprehensive income	-	-	(431,746)	-	(431,746)
Total comprehensive income for the period	-	-	(431,746)	523,074	91,328
<b>Transactions with equity owners:</b>					
Issue of share capital net of issue costs	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>293,750</b>	<b>25,252,288</b>	<b>(253,506)</b>	<b>(4,463,262)</b>	<b>20,829,270</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The unaudited, condensed, consolidated statement of cashflows of the Group for the six month period to 30 June 2020 is set out below.

	Note	Period ended 30 June 2020 £	Period ended 30 June 2019 £
<b>Cash flows from operating activities</b>			
Operating profit		649,962	942,073
<b>Adjustments for:</b>			
Depreciation/Amortisation	9, 10	3,012,462	728,213
Foreign exchange movements on non-monetary balances		(431,746)	-
<b>Working capital changes:</b>			
Decrease/(increase) in trade and other receivables	11, 12	534,947	(2,743,978)
Increase in trade and other payables	16	(167,503)	12,877,692
Decrease/(increase) in digital assets	13	203,045	(2,772,301)
Fair value change in digital assets at period end	13	(104,781)	(37,404)

<b>Net cash flow from/(used in) operating activities</b>	<b>3,696,386</b>	<b>8,994,295</b>
<b>Investing activities</b>		
Investments	7	(1,454,418)
Purchase of assets	9, 10	(1,617,024)
Crypto asset purchases for resale	13	(232,257)
Interest received		27
<b>Net cash used in investing activities</b>	<b>(1,616,997)</b>	<b>(19,770,774)</b>
<b>Financing activities</b>		
Repayment of short term loans	16	(797,455)
Interest paid		(126,914)
<b>Net cash generated from financing activities</b>	<b>(924,369)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,155,020</b>	<b>(10,776,479)</b>
Cash and cash equivalents at beginning of period	161,342	16,389,443
<b>Cash and cash equivalents at end of period</b>	<b>1,316,362</b>	<b>5,612,964</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. COMPANY INFORMATION

Argo Blockchain plc ("the company" or "the group") is a public company, limited by shares, and incorporated in England and Wales. The registered office is Room 4, 1st Floor 50 Jermyn Street, London, United Kingdom, SW1Y 6LX.

The principal activity of the group is that of a crypto asset mining.

### 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union (EU). The interim financial statements have been prepared on the historical cost basis, except for assets and liabilities measured at fair value through profit and loss, and are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates. All amounts have been rounded to the nearest pound, unless otherwise stated. The financial information contained in the interim financial statements is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The accounting policies are unchanged from those disclosed in the previously filed audited financial statements for the period ended 31 December 2019.

The consolidated interim financial statements are for the 6 months to 30 June 2020, being 6 months from the period end of the financial year for Argo Blockchain Plc, 31 December 2019. The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual audited financial statements for the period ended 31 December 2019. As required by accounting standards, the company has disclosed comparative data for the statement of comprehensive income for the Group for the 6 months ended 30 June 2019.

The condensed consolidated interim financial statements have not been audited, nor have they been reviewed by the Company's auditors in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures have been prepared using applicable accounting policies and practices consistent with those adopted in the audited annual financial statements for the year ended 31 December 2019.

### Cyclicality

The interim results for the six months ended 30 June 2020 are not necessarily indicative of the results to be expected for the full year ending 31 December 2020. Due to the nature of the entity, the operations are not affected by seasonal variations at this stage.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Going concern

The Directors, having made appropriate enquiries consider that, due to its cash and cryptocurrency reserves and current mining revenues, adequate resources exist for the group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2020.

The Directors have considered the impacts of Covid-19 and conclude that there are no material factors that are likely to affect the ability of the Group to continue as a going concern. If laws and regulations imposing lock-downs are implemented, the Argo Directors and employees are able to operate remotely. BTC, amongst other cryptocurrencies have shown to be an improving asset class during these times. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the interim financial statements.

### Derivative financial instruments

Derivative financial instruments include forward instruments only. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income. The Group is engaged, from time to time, in hedging activities of its BTC pricing volatility risk. The Group does not apply hedge accounting. There were no derivative financial instruments existing at the period end.

### 4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all recognition, measurement and disclosure requirements of IFRS, including any new and revised standards and Interpretations of IFRS, in effect for annual periods commencing on or after 1 January 2020. There has been no material impact from these adoptions.

The Company have not early adopted any standards in issue but not yet effective. The directors continue to assess any new or revised standards and their potential impact on the financial statements.

### 5. REVENUE

	<b>Period ended 30 June 2020 £</b>	<b>Period ended 30 June 2019 £</b>

Canada (corporate reseller)	-	130,947
Subscriber revenue - worldwide	-	29,771
Crypto currency mining - worldwide	11,124,455	2,772,301
<b>Total revenue</b>	<b>11,124,455</b>	<b>2,933,019</b>

The directors consider that the Group has only one significant reporting segment, being crypto asset mining from operations in North America. Accordingly, no segmental analysis is considered necessary due to the nature of mining cryptocurrency. All revenue is recognised at a point in time.

#### 6. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue.

	<b>Period ended 30 June 2020</b>	<b>Period ended 30 June 2019</b>
Net profit (£)	523,074	946,857
Weighted average number of ordinary shares in issue	293,750,000	293,750,000
Basic and diluted earnings per share for continuing operations (pence)	0.18	0.32

The Group and Company has in issue 56,348,603 warrants and options at 30 June 2020. The fully diluted earnings per share for the period ended 30 June 2020 was 0.15p (30 June 2019: 0.28p).

#### 7. INVESTMENTS

<b>Group</b>	<b>£</b>
At 1 January 2020	58,140
Disposals:	(58,140)
Investment in shares in GPU.OneHolding Inc.	-
<b>At 30 June 2020</b>	<b>-</b>

The Group disposed of shares in GPU.One for value equal to its purchase price. The amount received was set against the deposit amount owed to GPU.One.

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

<b>Group</b>	<b>£</b>
At 1 January 2020	1,346,236
Fair value movement:	27,927
Investment in convertible loan note in GPU.OneHolding Inc.	1,374,163
<b>At 30 June 2020</b>	<b>1,374,163</b>

During the prior period, the Group entered into a convertible loan note in the amount of CDN\$2,314,334, without a coupon, repayable on 26 June 2027 and convertible, subject to certain conditions, into Class A Shares based on a price per share of 90% of the fair value of GPU.one at the time of conversion. The directors have reviewed the treatment of this asset and consider it should be treated as a non-current financial asset fair valued through profit or loss. The financial asset was revalued on a fair value basis at the period ended 30 June 2020, to reflect movements in foreign exchange rates.

#### 9. INTANGIBLE FIXED ASSETS

<b>Group</b>	<b>Website £</b>
<b>Cost</b>	
At 1 January 2020	671,921
Additions	11,919
At 30 June 2020	683,840
<b>Amortisation and impairment</b>	
At 1 January 2020	189,986
Amortisation charged during the period	69,206
At 30 June 2020	259,192
<b>Carrying amount</b>	
At 31 December 2019	481,935
<b>At 30 June 2020</b>	<b>424,648</b>

All intangible assets are held by the subsidiary, Argo Innovation Labs Inc.

#### 10. TANGIBLE FIXED ASSETS

<b>Group</b>	<b>Mining and Computer Equipment £</b>	<b>Improvements to Datacentre £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	17,833,708	84,927	17,918,224
Additions	1,605,104		
At 30 June 2020	19,438,401	84,927	19,523,328

#### Depreciation and impairment

At 1 January 2020	2,487,959	30,953	2,518,912
Depreciation charged during the period	2,934,711	8,544	2,943,255
Translation differences	(24,151)	-	(24,151)
At 30 June 2020	5,398,519	39,497	5,438,016

#### Carrying amount

At 31 December 2019	15,345,338	53,974	15,399,312
<b>At 30 June 2020</b>	<b>14,039,882</b>	<b>45,430</b>	<b>14,085,312</b>

All property, plant and equipment is owned by the subsidiary, Argo Innovation Labs Inc.

#### 11. OTHER RECEIVABLES (NON-CURRENT)

	As at 30 June 2020 £	As at 31 Dec 2019 £
Deposits	4,296,864	4,151,400
<b>Total carrying amount of other receivables</b>	<b>4,296,864</b>	<b>4,151,400</b>

On 26 June 2019 the Group agreed an amendment to the master service agreement with GPU.OneHolding Inc. whereby the service contract for the supply of hosting and power would attract lower costs and terminate on 26 June 2022. Early termination of the contract by the Group would result in costs equivalent to 4 months of power usage, deductible from the deposit. These deposits are fixed and are to be drawn down upon during the final months of the contract term as a prepayment for hosting and power.

The deposit is held in Canadian dollars and the value of the balance is affected by foreign exchange rate movements.

#### 12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 £	As at 31 Dec 2019 £
Other receivables	339,886	268,842
Other taxation and social security	1,210,866	1,816,857
<b>Total carrying amount of other receivables</b>	<b>1,550,752</b>	<b>2,085,699</b>

Other receivables consist of prepayments for expenses and an amount of £75,512 paid for crypto assets purchased in 2019, but not received as at 30 June 2020.

Other taxation and social security consist of purchase tax in the UK and Canada. UK VAT debtors are less than 30 days old. Canadian GST and QST debtors are greater than 90 days as at 30 June 2020.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

#### 13. DIGITAL ASSETS

Group	£
<b>At 1 January 2019</b>	<b>1,040,964</b>
<b>Additions</b>	
Crypto assets mined	11,124,455
<b>Total additions</b>	<b>11,124,455</b>
<b>Disposals</b>	
Crypto assets sold	(11,082,673)
<b>Total disposals</b>	<b>(11,082,673)</b>
<b>Other movements</b>	
Fair value movements on crypto asset sales	(90,532)
Fair value movements on crypto assets held at the period end	104,781
Loss on forward contracts	(259,076)
<b>Total movements</b>	<b>(244,827)</b>
<b>At 30 June 2020</b>	<b>837,919</b>

The Group mined crypto assets during the year, which are recorded at fair value on the day of acquisition. Movements in fair value between acquisition (date mined) and disposal (date sold), and the movement in fair value in crypto assets held at the year end, are recorded in the profit and loss account.

The Group entered into forward contracts around the time of the BTC 'halving' in order to hedge against adverse BTC price movements, securing cashflows in a time of uncertainty in the cryptocurrency market.

At the period end, the Group held crypto assets representing a fair value of £837,919. The amount held at the period end was comprised approximately 91% BTC, 2% USDT (a stable coin, linked directly to USD), and 7% alternative coins.



#### 14. SHARE CAPITAL

	2020 £
<b>Ordinary share capital</b>	
Issued and fully paid	
293,750,000 Ordinary Shares of £0.001 each	293,750
<b>Share premium account</b>	
At beginning and end of period	25,252,288

#### 15. RESERVES

The following describes the nature and purpose of each reserve:

Reserve	Description
Share capital	Represents the nominal value of equity shares
Share premium	Amount subscribed for share capital in excess of nominal value
Foreign currency translation	Cumulative effects of translation of opening balances on non-monetary assets between subsidiary functional currency (Canadian dollars) and Group functional and presentational currency (Sterling).
Retained earnings	Cumulative net gains and losses and other transactions with equity holders not recognised elsewhere.

#### 16. TRADE AND OTHER PAYABLES

	As at 30 June 2020 £	As at 31 Dec 2019 £
Trade creditors	2,578,590	2,463,501
Accruals and other creditors	191,397	439,367
Short term loans	286,763	1,084,218
<b>Total carrying amount of other receivables</b>	<b>3,056,750</b>	<b>3,987,086</b>

The directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

#### 17. COMMITMENTS

The Group's material contractual commitments relate solely in regards to the master services agreement with GPU.one, which provides hosting, power and support services. Whilst management do not envisage terminating agreements with GPU.one in the immediate future, it is impracticable to determine monthly commitments due to large fluctuations in power usage and variations on foreign exchange rates, and as such a commitment over the contract life has not been determined. The Director's consider that the early termination fee, drawn down from deposits held by GPU.one represents the minimum committed payment due.

#### 18. RELATED PARTY TRANSACTIONS

##### Key management compensation

Key management includes Directors (executive and non-executive) and senior management. The compensation paid to related parties in respect of key management for employee services during the period was made only from Argo Innovation Labs Inc, amounting to: £18,319 paid to POMA Enterprises Limited in respect of fees of Matthew Shaw (Non-executive director); £107,951 paid to Blockchain Consulting in respect of fees of Inderpreet Hothi (Chief technical officer); £107,951 paid to Vernon Blockchain Inc in respect of fees of Peter Wall (CEO); £60,924 paid to Tenuous Holdings Ltd in respect of fees of Ian MacLeod (Executive chairman). During the period, James Savage (Finance Director) was remunerated a gross salary of £26,954 and Timothy Le Druillenec (CFO to April 2020, Non-executive to June 2020) was remunerated a gross salary of £36,000.

#### 19. CONTROLLING PARTY

There is no ultimate controlling party.

#### 20. POST BALANCE SHEET EVENTS

In 2019, the Group purchased USD\$100,000 of Polkadot which has been listed as a receivable both at the year ended 31 December 2019 and the period ended 30 June 2020. On 18 August 2020, the Group claimed their 100,000 DOT tokens, of which 75,000 remain in Argo's inventory. DOT has been trading between \$2.94 and \$6.30 from the period since it has been listed on major exchanges.

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