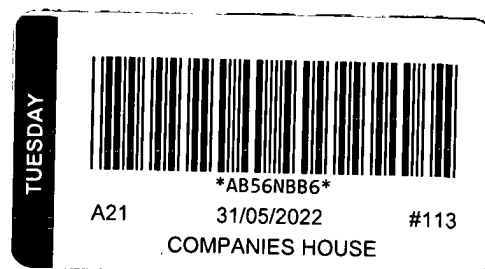


ARGO BLOCKCHAIN PLC

Company Registration No. 11097258 (England and Wales)

ARGO BLOCKCHAIN PLC ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



ARGO BLOCKCHAIN PLC

COMPANY INFORMATION

Directors

P G Wall

A Appleton
R Chopra
S Gow
M Perrella
M I Shaw

Company secretary

A Appleton

Company number

11097258

Registered office

Argo Blockchain PLC
9th Floor, 16th Great Queen Street,
London, England, WC2B 5DG

Auditor

PKF Littlejohn LLP
15 Westferry Circus, Canary Wharf
London, United Kingdom
E14 4HD

Broker

finnCap Limited
1 Bartholomew Close
London, United Kingdom
SW1E 5DH

Bankers

Canadian Imperial Bank of Commerce
South Vancouver Island, 1175 Douglas
Street, Victoria, BC, Canada, V8W 2E1

Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol, United Kingdom
BS13 8AE

Solicitors

Fladgate LLP
16 Great Queen Street
London, United Kingdom
WC2B 5DG

ARGO BLOCKCHAIN PLC

CONTENTS PAGE

COMPANY INFORMATION	2
CONTENTS PAGE	3
BOARD OF DIRECTORS	7
STRATEGIC REPORT	8
DIRECTORS' REPORT	14
REMUNERATION COMMITTEE REPORT	19
CORPORATE GOVERNANCE REPORT	32
DIRECTORS' RESPONSIBILITIES STATEMENT	35
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGO BLOCKCHAIN PLC.....	36
GROUP STATEMENT OF COMPREHENSIVE INCOME	43
GROUP STATEMENT OF FINANCIAL POSITION	44
COMPANY STATEMENT OF FINANCIAL POSITION	46
COMPANY STATEMENT OF CHANGES IN EQUITY	50
GROUP STATEMENT OF CASH FLOWS	51
COMPANY STATEMENT OF CASH FLOWS	53
NOTES TO THE FINANCIAL STATEMENTS.....	54
1. COMPANY INFORMATION	54
2. BASIS OF PREPARATION	54
3. ACCOUNTING POLICIES	55
4. FINANCIAL RISK FACTORS	63
5. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS.....	65
6. KEY JUDGEMENTS AND ESTIMATES.....	65
7. REVENUES.....	67
8. EXPENSES BY NATURE.....	67
9. AUDITOR'S REMUNERATION	68
10. EMPLOYEES	68
11. DIRECTOR'S REMUNERATION	69
12. EARNINGS PER SHARE	69
13. TAXATION.....	69
14. INVESTMENT IN SUBSIDIARIES.....	71
15. INVESTMENTS AT FAIR VALUE THROUGH INCOME OR LOSS.....	72
16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	73
17. BUSINESS COMBINATION	75
18. INTANGIBLE FIXED ASSETS	76
19. TANGIBLE FIXED ASSETS	78
20. OTHER RECEIVABLES (NON-CURRENT).....	80
21. TRADE AND OTHER RECEIVABLES / INTERCOMPANY	80
22. DIGITAL ASSETS	81
23. SHARE OPTIONS AND WARRANTS	82
24. ORDINARY SHARES	84

ARGO BLOCKCHAIN PLC

25.	RESERVES	84
26.	TRADE AND OTHER PAYABLES	85
27.	LOANS AND BORROWINGS	85
28.	LEASE LIABILITIES	86
29.	FINANCIAL INSTRUMENTS	86
30.	COMMITMENTS	88
31.	RELATED PARTY TRANSACTIONS	88
32.	CONTROLLING PARTY	88
33.	POST BALANCE SHEET EVENTS	88

ARGO BLOCKCHAIN PLC

CHAIRMAN'S STATEMENT

I am pleased to report that 2021 was a year of significant and profitable growth as Argo executed its strategic pivot away from third party hosting to a vertically-integrated, owned-and-operated business model. We completed our acquisition of two mining facilities in Quebec, and we made a transformative acquisition of a project in the Texas Panhandle, where we are developing Argo's flagship mining facility, Helios.

2021 in Review

Our main focus in 2021 was to scale as a vertically-integrated cryptocurrency mining company through a focus on smart growth and profitability. We felt confident that by increasing our level of control through owning the infrastructure and operating our mining rigs, we could improve both profitability and performance. This was successfully demonstrated at our Quebec facilities, Mirabel and Baie Comeau, where we quickly began to realize efficiencies as we assumed operations after acquiring them in May 2021.

Additionally, much of 2021 was spent on constructing the Helios facility in Dickens County, Texas. We broke ground on the facility in July 2021 and made tremendous progress through the remainder of 2021 and so far in 2022. Helios has been designed to house one of the largest immersion-cooled mining operations in the world. Immersion cools the mining machines more efficiently than air cooling, extends the life of mining machines by keeping out particulate matter, and allows for increased operational performance. As I write this letter in April 2022, we are very close to energizing Phase 1 (the initial 200 MW) and commencing mining operations at the Helios facility.

In September 2021, we purchased 20,000 Bitmain S19J Pro machines, with delivery and installation expected to take place in batches at Helios from May to October 2022. This will increase our Bitcoin mining hashrate by an additional 2 Exahash per second ("EH/s"), not including the potential uplift from immersion.

Financial results

Revenue in 2021 increased by 291% to £74.2 million (\$100.1 million). Similarly, EBITDA grew by 594% to £52.9 million (\$71.4 million) in 2021. Earnings attributable to shareholders totaled £37.3 million (\$50.4 million). In 2021, total capital expenditures were £160.3 million (\$216.3 million), with nearly all going towards Helios infrastructure construction and the purchase of mining machines.

Operating results

In line with Argo's focus to significantly expand its mining operations in 2021, the Group's hashrate increased almost three-fold, from 645 petahash to 1,605 petahash by the end of the year. The Group continues to have 280 Megasols of Z-cash mining capacity on Equihash. Argo's mining margin of 84% for 2021 was among the highest reported by publicly traded miners. The increase in mining margin from 41% in 2020 was driven primarily by the increase in Bitcoin price, as well as the temporary reduction in the global hashrate (and associated decrease in difficulty) following the Chinese ban on Bitcoin mining.

Nasdaq listing

Scaling as a vertically-integrated cryptocurrency miner comes with significant capital requirements for infrastructure development and machine purchases. After careful consideration, in early 2021 we pursued access to the US capital markets. In January 2021, our shares began trading on the OTCQB Venture Market, which afforded US investors the opportunity to become Argo shareholders. Soon after, the listing was upgraded to the OTCQX Best Market. Later in the year, we completed a public offering on the Nasdaq Global Select Market, the most selective exchange in the United States and the market of choice for high growth companies. Having a Nasdaq listing has broadened our access to the capital necessary for our ambitious growth plans. We are seeing increased interest in the Bitcoin mining sector from long-term institutional investors, which we believe will ultimately reduce our cost of capital.

Bitcoin macro environment

2021 marked a banner year for Bitcoin as it continued to see widespread adoption and record-high price levels. MicroStrategy and Tesla were two early examples of corporations holding Bitcoin on their balance sheet. The price of Bitcoin hit all time highs in April 2021 (\$59,911) and again in November 2021 (\$67,617); it remained dynamic, finishing off the year at \$46,320.

Perhaps the most significant event of 2021 for the cryptocurrency sector was the total ban on Bitcoin mining in China beginning in May 2021. Prior to the ban, China accounted for the largest percentage of total global Bitcoin mining; an estimated 50% of global hashrate operated within its borders, powered by low cost electricity from coal and hydro. While the Chinese mining ban had the potential to disrupt the entire Bitcoin network, the network demonstrated its

ARGO BLOCKCHAIN PLC

resilience as miners moved to other locations. North America's access to low cost power and stable regulatory environment proved to be an attractive location for the displaced miners. It took only seven months for the global hashrate to recover to 180 EH/s, the level it was before the Chinese ban, with much of that hashrate shifting to North America.

Texas, in particular, has become a popular destination for Bitcoin mining due to its low electricity prices (in part due to its high amount of renewable energy generation), its competitive electrical grid that offers demand response programs, and a regulatory environment that has embraced the benefits that Bitcoin mining can bring in the form of grid stability, job creation, and tax revenue.

Commitment to Environmental, Social, and Governance (ESG) Principles

Argo continues to place a significant emphasis on ESG principles. Since inception, we have always maintained a strong focus on environmental sustainability. This is why we located our mining facilities in Quebec, where they are powered by hydroelectricity, and the Texas Panhandle, where 85% of the generation capacity comes from wind power. In 2021, we signed the Crypto Climate Accord, which commits us to achieve net-zero carbon emissions by 2030. In 2021, Argo reached this goal, releasing a full climate strategy and becoming the first Bitcoin mining company to announce climate positive status through its use of renewable energy to power mining operations, and by offsetting more scope 2 and 3 greenhouse gas emissions than we emitted in both 2020 and 2021. Additionally, we were founding members of the Bitcoin Mining Council, which educates the public on the increasing amount of renewable energy used for Bitcoin mining. It also seeks to improve reporting and increase the amount of data available on the use of renewable energy within the sector.

Argo's operations in Quebec and Texas also promote sustainability by helping to stabilize the electrical grid. In Quebec, we participate in curtailment programs to lower our electricity usage during periods of extreme weather. In Texas, the Helios facility will participate in demand response programs, whereby it can reduce its electricity usage and increase availability of power to the grid in times of peak demand. This flexibility in our load has profound benefits for grid stability and helps to ensure equilibrium between supply and demand.

From a social benefit perspective, the Helios project is bringing real economic benefits to Dickens County, Texas and the surrounding communities. During the construction phase, more than 130 temporary jobs have been created, and we have hired approximately 40 full time employees, primarily from the local community, to work at the facility. Additionally, Argo is contributing directly to the town of Spur, Texas by refurbishing the community pool, which has been closed since 2009. We recognize the importance of having a strong relationship with the local community, and we are proud to be the largest private sector employer in the county.

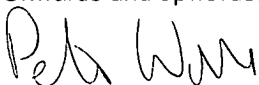
Argo has taken steps to strengthen its Board of Directors as it continues to grow. In July 2021, Sarah Gow, Maria Perrella, and Colleen Sullivan were appointed as independent non-executive directors, while I assumed the role of Interim Executive Chairman. Ian MacLeod, Marco D'Attanasio, and James Savage departed from their roles as Executive Chairman and non-executive directors, respectively. In September 2021, we established Remuneration, Nomination and Audit committees, and have continued to develop our internal processes and procedures. In November 2021, Colleen Sullivan resigned from the Board after starting a new professional role which precluded her from serving on the Board of a public company. Following the end of the period, in February 2022, Raghav Chopra was appointed as an independent non-executive director.

Strategic focus in 2022

Our strategic focus in 2022 is to execute on our plans at Helios and to scale our operations. As we near the completion of Helios Phase 1, Argo is poised to significantly increase its hashrate and continue building out infrastructure. While Phase 1 of Helios will utilize 200 MW of electricity, our interconnection agreement provides us with access to up to an additional 600 MW of capacity. This runway for growth is unmatched by Argo's peers, and we have built a robust foundation upon which we can scale efficiently and profitably.

On behalf of the Board, thank you to all of our shareholders and staff who share in our mission of powering the world's most innovative and sustainable blockchain infrastructure with a focus on sustainability.

Onwards and upwards!



Peter Wall
CEO and Interim Executive Chairman
27 April 2022

ARGO BLOCKCHAIN PLC

BOARD OF DIRECTORS

Peter Wall (CEO and Interim Executive Chairman)

Peter Wall is the CEO of Argo Blockchain. Peter launched the company alongside the Argo management team and runs the company from his base in Canada. He began his entrepreneurial journey when he co-founded the first coworking space in Bali, Hubud, a dedicated space for techies, startups, and change-makers. Peter is passionate about how blockchain and cryptocurrencies can impact our everyday lives. Known as a guy who gets things done, Peter's varied career highlights include work as a technology entrepreneur, journalist, and filmmaker.

Alex Appleton (CFO and Executive Director)

Alex Appleton (CA) is the CFO of Argo Blockchain and has been with the company since [2020]. Alex is a member of the Institute of Chartered Accountants of Scotland and brings [19] years of experience in auditing and corporate finance. 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 organizations and worked within the cryptocurrency sector. He specializes in financial planning, business analysis and financial modelling.

Raghav Chopra (Non-Executive Director)

Raghav Chopra is a digital assets and technology investor with over 15 years of experience. He was most recently a Portfolio Manager for AllianceBernstein LP, and has a decade of experience in managing a significant and wide range of technology investments at leading hedge funds. Prior to that, Mr. Chopra was an Associate in private equity at The Carlyle Group and an Analyst in investment banking at Goldman, Sachs & Co. Mr. Chopra serves on the Board of the Harvard Club of New York City Foundation and is a member of the Economic Club of New York.

Sarah Gow (Non-Executive Director)

Sarah Gow has over 19 years of experience in the banking industry, including over 11 years at Citigroup Asset Management where she served as a Director of Global Operations in New York as well as the Head of Operations in London. She also worked at HSBC Global Asset Management for two years as a Project Manager. She was also a founding partner of UK-based asset management company, TrinityCapM Ltd.

Maria Perrella (Non-Executive Director)

Maria Perrella most recently served as the Chief Financial Officer of MDA, a Canadian-based international space mission partner, and the previous twelve years at ATA, a TSX-listed automation company with over 4,500 employees across six countries. Her various roles have allowed her to develop skills in financial planning and corporate governance and compliance, and her many years as a Chief Financial Officer have provided her with extensive experience in M&A, capital markets, and strategic corporate finance. Maria is a Chartered Public Accountant in Ontario, Canada

Matthew Shaw (Non-Executive Director)

Matthew Shaw brings over 25 years' experience as an international banker, corporate adviser and serial entrepreneur specialising in the technology and the cryptocurrency sectors. His current portfolio of leadership roles include Protos Asset Management, a Swiss company he founded that manages a cryptocurrency fund, which invests in early stage cryptocurrency and blockchain businesses and actively manages risk for liquid tokens using advanced quantitative strategies. He is also currently CEO of Blimp Technologies, a real estate technology company which incorporates a cryptocurrency token and is also president of a proprietary family investment company investing in digital assets, fintech and other technology sectors.

ARGO BLOCKCHAIN PLC

STRATEGIC REPORT

The directors present their strategic report on the Group for the year ended 31 December 2021.

Principal activity

The Group's principal activity is that of cryptocurrency mining.

Review of the business and future developments

Argo Blockchain plc (the "Company") was incorporated on 5 December 2017. Argo Blockchain plc is the parent holding company of the Argo group of companies including Argo Innovation Labs Inc., a British Columbia, Canada Corporation, and Argo Innovation Facilities (US), Inc., a Delaware, United States Corporation (collectively "the Group").

On 3 August 2018 the Company's Ordinary Shares were admitted to the standard segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange. The Company's Ordinary Shares traded on the OTCQB® Venture Market under the ticker symbol "ARBKF" from January 13, 2021 until February 23, 2021, and began trading on the OTCQX on February 24, 2021. The Company's American Depositary Shares have traded on Nasdaq since September 24, 2021.

My Chairman's statement provides an in-depth review of 2021; rather than repeating that, I have concentrated on looking forward in this report.

Argo entered 2022 with two clear goals: complete Phase 1 of the Group's Helios facility in Dickens County, Texas while continuing to optimize the performance of its existing mining fleet.

The Group is nearing completion of Phase 1 of Helios and anticipates mining activities to commence in May 2022. Construction has progressed on schedule despite a challenging supply-chain environment due to COVID-19 and geopolitical conflict. In order to fully utilize the initial 200 MW of capacity, additional capital expenditures in the range of £93 million to £100 million (\$125 million to \$135 million) remain to be spent. Funding for the remaining capital expenditures of Phase 1 is expected to come from debt financing and proceeds from selling a portion of the Group's Bitcoin holdings.

On the second goal, the Group continues to be in the top tier of publicly listed miners with respect to operational performance. Mining margin for Q1 2022 averaged 73%, which remains among the highest of its peers. This mining margin is expected to remain strong as operating costs are reduced when Helios becomes operational and the Group's hashrate begins to increase starting in Q2 2022.

In March 2022, Argo signed an agreement to swap approximately 10,000 S19 mining machines currently hosted at Core Scientific facilities for new S19J Pro mining machines to be delivered to the Helios facility. Upon completion of this machine swap, Argo will no longer have any hosted machines and will have completed its strategic pivot away from hosting to a fully vertically-integrated model.

Argo has also improved its access to mining machines by signing a supply agreement with Intel to purchase their new Blockscales ASIC chips. Intel's entrance into the Bitcoin mining industry is an important step as miners continue to innovate and develop new technologies to drive efficiency and lower costs. Argo is working with a third party to design and manufacture custom mining rigs specifically to utilize the Blockscales ASIC chips and to be used with immersion cooling technology. This is expected to provide Argo with proprietary technology and the potential to develop sustainable competitive advantages. The cost for these custom mining rigs is significantly lower than the existing options available on the market and are efficient to operate. Additionally, the supply agreement provides access to the chips at a fixed price, which eliminates price fluctuations based on market conditions. The deployment of the Blockscales ASIC chips is expected to begin in H2 2022 and will significantly increase Argo's hashrate by approximately 1.8 EH/s by the end of the year.

With the installation of the 20,000 Bitmain machines and the deployment of the Intel Blockscales chips, Argo expects its hashrate to increase from approximately 1.6 EH/s to approximately 5.5 EH/s by the end of 2022.

While the universe of Bitcoin miners continues to expand and the industry becomes more competitive, Argo is uniquely positioned for success with its significant runway for growth at Helios and its relationship with Intel. As a result, the Board remains optimistic for the future.

ARGO BLOCKCHAIN PLC

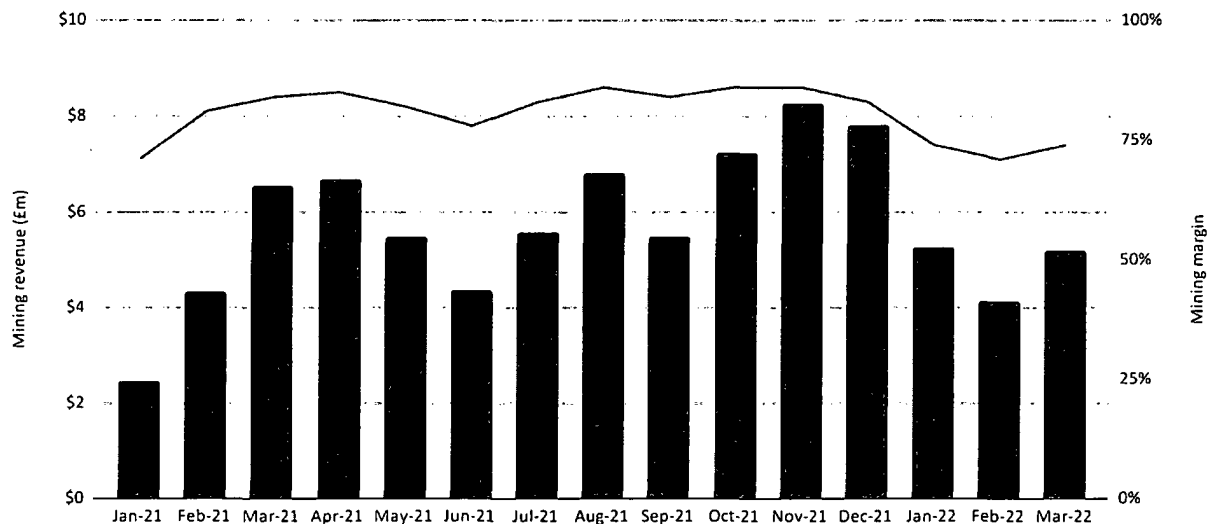
Group strategy and business model

Upon completion of the machine swap agreement with Core Scientific, Argo will have completed its transformation from using third party hosts to owning and operating its own data centres. Being vertically-integrated will allow Argo's management to have more operational control over its mining machines and drive increased performance. Additionally, controlling operational expenses will be critical as the next Bitcoin halving cycle takes place in 2024 and the Bitcoin block reward is reduced by 50%.

In 2021, Argo's overall mining capacity increased from approximately 7,000 machines to approximately 24,000 machines, with an increase in hashrate capacity from 645 petahash to 1,605 petahash. Operations are expected to commence at Helios in May 2022, at which point Argo will begin taking delivery of the new S19J Pro machines from the machine swap agreement with Core Scientific, as well as the 20,000 S19J Pro machines purchased in September 2021. In H2 2022, mining machines with the Intel Blocksage ASIC chips will begin to be deployed at Helios. This is expected to fully utilize the 200 MW of capacity at Phase 1, and Argo's hashrate is expected to increase from 1.6 EH/s to 5.5 EH/s by Q4 2022.

Performance of the business during the period and the position at the end of the year

The results for 2021 reflect a watershed year for Bitcoin. As Bitcoin experienced more widespread adoption, the price hit all time highs in April 2021 (\$59,911) and again in November 2021 (\$67,617). Additionally, the Chinese ban on Bitcoin mining resulted in a hashrate dip, which increased Argo's percentage of the global hashrate. Overall, Argo's mining capacity increased by 149%, compared to an 8% increase in the global hashrate in 2021.



Key performance indicators

The Board monitors the activities and performance of the Group on a continuing basis. The main performance indicator applicable for the Group is its mining profit.

KPI	2021	2020	% Change
Mining revenue (£000s)	£70,325	£18,947	271%
Mining profit ¹ (£000s)	£59,268	£7,737	660%
Mining margin	84%	41%	43%
Bitcoin mined ²	2,045	2,465	(17%)

1. Mining profit defined as mining revenue minus direct costs (excluding depreciation and amortization of mining equipment).

ARGO BLOCKCHAIN PLC

2. Decrease in number of Bitcoin mined is largely attributable to the halving event that occurred in May 2020 which reduced the block award from 12.5 to 6.25 Bitcoin per block

Non-IFRS Reconciliation

The following table shows a reconciliation of Bitcoin and Bitcoin Equivalent Mining Margin to gross margin, the most directly comparable IFRS measure, for the years ended December 31, 2021 and December 31, 2020.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Gross profit	53,646	3,921
Depreciation of mining equipment	11,129	5,896
Change in fair value of digital currencies	(1,191)	(2,084)
Realized gain (loss) on sale of digital currencies	(437)	14
Cryptocurrency management fees	(3,879)	(10)
Mining profit	59,268	7,737
Bitcoin and Bitcoin Equivalent Mining Margin	84%	41%

Principal risk and uncertainties

While the Group focuses on self-mining, the Board considers the principal risk for the Group to be volatility in the cryptocurrency market and the general sentiment of crypto assets as a whole. The Group operates in an uncertain environment and is subject to a number of risk factors. The Board considers the following to be of particular relevance, but this is by no means an exhaustive list as there may be other risk factors not currently known.

Market conditions

Market conditions, including the cryptocurrency market values and general economic conditions and their effect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organisations, some of which may have greater resources.

Cyber risk

The Group holds digital assets via software and hardware which may prove to be vulnerable to data security breaches in the future. Data security breach incidents may compromise the confidentiality, integrity or availability of data such that the data is vulnerable to access or acquisition by unauthorised persons. These data security breaches may result in the unrecoverable loss of digital assets. The Group's hardware devices and remote servers holding the Group's data may be breached and result in the loss of valuable data. Loss of the private keys required to access the digital assets may result in irrecoverable loss of access to the digital assets, which may not be covered by insurance (whether in full or part). In order to mitigate these risks, the Group holds its assets with third party specialist crypto-currency custodians with a number of security measures in place.

Cryptocurrency price volatility

Revenues are denominated in cryptocurrency or tokens. These 'digital assets' can be subject to high levels of volatility, and it may not always be possible for the Group to trade out or effectively hedge its position. The Group will always seek to manage the price volatility risk and actively monitor its portfolio of digital assets. The majority of the Group's crypto assets (as per note 22) are stored in Bitcoin, which dominates the crypto market. Cryptocurrency exchange rates have exhibited strong volatility. Many factors outside of the control of the Group can affect the market price of cryptocurrencies, including, but not limited to, national and international economic, financial, regulatory, political, terrorist, military, and other events, adverse or positive news events and publicity, and generally extreme, uncertain, and volatile market conditions. Extreme changes in price may occur at any time, resulting in a potential loss of value

ARGO BLOCKCHAIN PLC

of our entire portfolio of cryptocurrencies, complete or partial loss of purchasing power, and difficulty or a complete inability to sell or exchange our digital currency.

Capital Raising

The Company's activities are capital intensive and the Company may need to raise additional capital to fund its operations, pursue growth strategies, including potential acquisitions of complementary businesses, and respond to competitive pressures or unanticipated working capital requirements. The Company has previously raised equity and debt, however may not be able to obtain additional debt or equity financing on favourable terms, if at all, which could impair its growth and adversely affect its existing operations. The Company may be required to accept terms that restrict its ability to incur additional indebtedness or to take other actions including terms that require it to maintain specified liquidity or other ratios. In order to mitigate these risks, the Company keeps its financing requirements under review and actively manages its activities and operations within the resources available to it.

Property and development risk

As part of the Company's evolving strategy focused on owning and operating its own mining facilities, the Company is developing a new mining facility in Texas. The development of the Texas mining facility may be subject to unexpected problems and delays that could adversely impact the Company's ability to develop or operate the project as planned or increase the costs of the project. There a range of risks applicable to the development of the facility and, once operational, the continued operation of the facility. In order to mitigate the risks in developing the project, the Company has engaged suitably qualified counterparties in the development of the project, has proactively engaged with infrastructure providers and the local authorities. Once operational, the Company will actively manage the facility to avoid or mitigate the operational and other risks associated with owning and operating such a facility.

Climate change

The Group is aware that Bitcoin mining is power intensive and has an environmental impact as a consequence. The Board engaged Guidehouse, a leading consultancy and solutions provider, to research and advise on science-based solutions towards Argo's long-term strategy to eliminate its climate impact. This work provided a full climate action plan to achieve Argo's goal of becoming a net zero greenhouse gas (GHG) company. The full climate action report for 2020 is available on the Group's website, and the report for 2021 is forthcoming.

Electricity Supply and Price

The Company's activities require substantial and sustained electrical provision and its profitability is dependent on securing acceptable electricity prices. Should electricity not be available in the quantities the Company's operations require (whether intermittently or for a sustained period) or should the service be unreliable, the Company's operations, revenue and profitability may be materially adversely affected. If the price of electricity increases (whether as a result of local, national or international events or pressures), the Company's profitability may be materially adversely affected.

Technology and supply risks

Argo operates within a highly technological environment where software and hardware are consistently updated. To ensure the Group remains as a leading provider and stays ahead of its competitors, it needs to continue to invest in its technology, software, and hardware which requires a large amount of capital. The Company procures its software and hardware from third party providers and is reliant on those third parties complying with their obligations to the Company. Should a third party fail to comply with its obligations to the Company, the Company's operations, revenue and profitability may be materially adversely affected.

Risk relating to the Group's business strategy

The Group is dependent on the ability of the Directors to identify suitable opportunities and to implement the Group's strategy. There is no assurance that the Group's activities of mining for itself will continue to be successful even though internal forecasts continue to suggest otherwise.

ARGO BLOCKCHAIN PLC

Dependence on key personnel and management risks

The Group's business is dependent on retaining the services of a small executive management team, and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. This risk is managed by offering salaries and share options that are competitive in the current market.

Regulatory risk

The Company operates in a rapidly evolving sector, the regulatory approach to which is not always certain and is still developing. The Company seeks to comply with all applicable law and regulation, however the event of a breach with any regulatory requirements may give rise to reputational, financial, or other sanctions against the Group. The Board considers these risks seriously and designs, maintains, and reviews the policies and processes so as to mitigate or avoid these risks. While the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

Gender composition

During the year the Group had the following gender composition of employees and directors:

Gender Composition	Male	Female
Directors	4	2
Senior Management	9	-
Employees	31	8

Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term
- Act fairly between the members of the Company
- Maintain a reputation for high standards of business conduct
- Consider the interests of the Company's employees
- Foster the Company's relationships with suppliers, customers and others
- Consider the impact of the Company's operations on the community and the environment

The Company operates as a crypto mining business, which is inherently speculative in nature and, with volatile revenue, at times may be dependent upon fund-raising for its continued operation. The nature of the business is well understood by the Company's members, employees, and suppliers, and the Directors are transparent about the cash position and funding requirements.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2021, in addition to the disclosures made in the Directors' Report and the Strategic Report:

Change in strategy from third party hosting to owned and operated model: the Board believes that the management can deliver better operational and financial performance by owning and operating the Group's own infrastructure. This is why the Group acquired the two data centres in Quebec and the Helios project in Texas. As Bitcoin mining becomes more competitive and as the next halving cycle approaches, it is critical that Argo continues to be in the top tier of miners. The vertical integration model allows for more control over operational expenses, capital expenditures, and mining performance.

Expanding our position to Texas: in early 2021 Argo acquired the Helios project in Texas. After extensive due diligence, the Board determined that this transformative acquisition would provide Argo with a significant runway for growth. Additionally, the project is located in a jurisdiction that is favourable for Bitcoin mining with advantaged electricity costs, unique demand response programs, and a stable, pro-business regulatory environment.

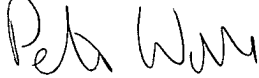
ARGO BLOCKCHAIN PLC

Pursuing a dual listing on Nasdaq: while Argo has been listed on the London Stock Exchange since 2018, the Board sought to gain access to a new and larger pool of potential investors by listing American Depositary Shares (ADS) on Nasdaq. This strategic decision provides Argo with more flexibility around capital allocation. It also allows more American investors, both retail and institutional, to own Argo stock and ultimately is expected to help Argo achieve a greater valuation and increased return for its shareholders.

As a crypto mining company with operations in Canada and the United States, the Board takes seriously its ethical responsibilities to the communities and environments in which it works.

The interests of employees are a primary consideration for the Board, and an inclusive share-option program allows them to share in the future success of the Company. Personal development opportunities are encouraged and supported.

This report was approved by the Board on 27 April 2022 and signed on its behalf by



Peter Wall

Interim Executive Chairman

ARGO BLOCKCHAIN PLC

DIRECTORS' REPORT

General Information

The Directors present the Annual Report and audited consolidated financial statements for the year ended 31 December 2021.

The Company was incorporated on 5 December 2017. Argo Blockchain plc is the parent holding company of the Argo group of companies including Argo Innovation Labs Inc., a British Columbia, Canada Corporation, and Argo Innovation Facilities (US), Inc., a Delaware, United States Corporation.

On 3 August 2018 the Company's Ordinary Shares were admitted to the standard segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange. The Company's Ordinary Shares traded on the OTCQB® Venture Market under the ticker symbol "ARBKF" from January 13, 2021 until February 23, 2021, and began trading on the OTCQX on February 24, 2021. The Company's American Depositary Shares have traded on Nasdaq since September 24, 2021.

Future developments

The Group continues to focus its strategy on self-mining cryptocurrencies as detailed further in the Strategic Report.

Dividends

The directors do not propose a dividend in respect of the period ended 31 December 2021.

Directors

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board including, when circumstances permit, whether the payment of dividends, issue or buy back of shares is appropriate.

Attendance at Board meetings:

Member	Meetings attended
Peter Wall	13 of 13
Matthew Shaw	12 of 13
Ian MacLeod	7 of 7
James Savage	6 of 7
Marco D'Attanasio	5 of 7
Alex Appleton	6 of 6
Maria Perrella	6 of 6
Sarah Gow	5 of 6
Colleen Sullivan	2 of 4

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the Company, and will have overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business. The Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules and (notwithstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles as set out in Chapter 7 of the Listing Rules.

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supplies the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

ARGO BLOCKCHAIN PLC

All Directors are subject to re-election every three years and, on appointment, at the first AGM after appointment. During the year, the Company established a nomination committee. Prior to this, and given the size of the Board, all director appointments were approved by the Board as a whole.

Communications with shareholders

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there will be regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chairman and other members of the Board at the Annual General Meeting. All published information for shareholders is also available on the Company website, including annual and interim reports, circulars, announcements and significant shareholdings.

Accountability and Audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price sensitive reports to regulators as well as in the information required to be presented by statutory requirements.

During the year, the Company established an audit committee. Prior to this, and given the size of the Board all matters normally considered by an Audit Committee were considered by the Board as a whole.

Internal control

The Board has responsibility for designing and implementing systems of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. As the Company has expanded, the Company has reviewed and developed its internal systems and processes, and will continue to do so going forwards.

Political donations and political expenditure

The Group did not make any political donations or expenditure.

Post balance sheet events

The directors have considered the impact of the Ukraine / Russia war and have not, and do not, anticipate any material impact on the business other than the larger macroeconomic factors which are impacting all companies and individuals.

Directors and directors' interests

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Director	Appointment/resignation during the year
Peter Wall	Appointed 1 January 2020
Matthew Shaw	Appointed 17 July 2019
Ian MacLeod	Resigned 28 July 2021
James Savage	Resigned 29 July 2021
Marco D'Attanasio	Resigned 29 July 2021
Alex Appleton	Appointed 29 July 2021
Maria Perrella	Appointed 29 July 2021
Sarah Gow	Appointed 29 July 2021
Raghav Chopra	Appointed 23 February 2022
Colleen Sullivan	Appointed 29 July 2021, resigned 8 November 2021

ARGO BLOCKCHAIN PLC

Directors' share holdings

Director	Ordinary Shares at 31 December 2021	Percentage of Issued Share Capital
Peter Wall	1,116,000	0.24%
Sarah Gow	2,740,000	0.59%
Matthew Shaw	137,289	0.03%

Directors' option holdings

Name	Date of Grant	Aggregate number of options granted	Exercise Price	Exercise Conditions	Lapse Date
Peter Wall	25 July 2018	1,000,000	16 pence	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024
Peter Wall	5 Feb 2020	3,700,000	7 pence	1/12 per month commencing of 4 th month from issue	4 Feb 2030
Matthew Shaw	17 July 2019	537,037	16 pence	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	17 July 2025
Matthew Shaw	5 Feb 2020	294,048	7 pence	1/12 per month commencing of 4 th month from issue	4 Feb 2030
Alex Appleton	3 Feb 2021	158,898	94 pence	1/24/month starting on 4 th month from issue	2 Feb 2031
Alex Appleton	22 Sept 2021	1,250,000	157 pence	6/36 th after 6 month anniversary, 1/36 th thereafter	21 Sept 2031
Matthew Shaw	22 Sept 2021	250,000	157 pence	6/36 th after 6 month anniversary, 1/36 th thereafter	21 Sept 2031
Maria Perrella	22 Sept 2021	500,000	157 pence	6/36 th after 6 month anniversary, 1/36 th thereafter	21 Sept 2031

ARGO BLOCKCHAIN PLC

Sarah Gow	22 Sept 2021	500,000	157 pence	6/36 th after 6 month anniversary, 1/36 th thereafter	21 Sept 2031
-----------	--------------	---------	-----------	---	--------------

Going Concern

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to meet its obligations over the next 12 months. The Directors therefore have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements, more detail can be found in the accounting policies (Note 3).

The Directors have considered the impact of Covid-19 on the Group, in the context of their operations and the wider crypto currency market. The Group's management and staff are operating remotely, and all mining facilities are running as normal. The Directors continue to monitor the crypto currency market and consider the corresponding difficulty adjustments to be balancing the price fluctuations. At this stage, the Directors do not envisage a long term impact to the Group resulting from Covid-19, but will continue to monitor the situation.

Financial Risk Management

The Group has a simple capital structure and its principal financial assets are cash and digital assets. The Group is subject to market risk by way of being exposed to volatility in crypto asset value and variations in foreign exchange rates. The Group has little exposure to credit risk due to holding its reserves with credible institutions. The Group may also be exposed to liquidity and capital risk, due to the nature of operations and the requirements for mining hardware acquisition. The Group manage these risks through portfolio management and maintenance of sufficient working capital. Further details of risks can be seen within the Strategic Report or in the Notes to the accounts.

Substantial shareholdings

Name	Ordinary Shares at date of this report	Percentage of Share Capital
BLOK ETF (Toroso Asset Management)	23,404,917	5.00%

These are the substantial shareholdings as at the date of the report.

Controlling shareholder

The Group does not have a controlling shareholder.

Greenhouse gas emissions

Greenhouse gas emissions, energy consumption and energy efficiency disclosures have not been provided because the Company has consumed less than 40,000 kWh of energy during the period in the UK. However, in August 2021, the Group announced it is the first publicly traded cryptocurrency mining company to report it has become climate positive from Scope 1, 2 and Greenhouse Gas (GHG) emissions from the value chain associated with the Company's respective cryptocurrency mining operations. Climate Positive means that the Company is addressing its own GHG emissions to become carbon neutral and going even further by mitigating emissions through support of projects outside of Argo.

The announcement marks a key milestone in the Company's climate strategy, which includes its ongoing and future initiatives in energy efficiency, reducing e-waste, use of waste heat in partnership with local municipalities, carbon capture, and supporting the industry with sustainability standards.

Argo has demonstrated an ongoing commitment to sustainability and believes that cryptocurrency has the potential to spur innovation in renewable power and reduce GHG emissions. Over the past year, the Company has developed its "Climate Positive Strategy", with input from climate strategy advisor, Guidehouse. Argo is pleased to have achieved a number of significant milestones, including:

ARGO BLOCKCHAIN PLC

- Purchased Renewable Energy Credits (RECs) retroactively for 2020 and for any remaining non-renewable electricity use;
- Prioritised direct renewable purchase on-site or from a local grid;
- Purchased GHG offsets for any emissions associated with Argo value chain; and
- Purchased additional offsets such as Verified Emissions Reductions to encourage reduction of emissions further and have a "climate positive" overall impact

Furthermore, Argo is pleased to announce that it is now a participant in the UNFCCC's Climate Neutral Now initiative. As a participant, Argo undertakes to measure, reduce, contribute, and report emissions on a yearly basis in order to achieve a Climate Neutral world by 2050. Argo will also release an annual climate report, providing an overview of developments both within the Company and the wider sector.

The Company is also partnering and collaborating with competitors, consultants, and councils including REBA, RE100 and the Crypto Climate Accord to ensure the industry can derive solutions faster and more efficiently to create a more sustainable mining industry in the long term.

Employee and business relationships

The Group consists of a small team, currently 2 Executive directors, 4 Non-executive directors and 9 (including the 2 Executive directors) key management personnel, which facilitates the direct and frequent communication between all parties and thereby the interests of all concerned are considered on a regular basis. Due to the nature of a small team and the wide and varied skills possessed all key strategic business decisions are discussed and analysed by all concerned.

A significant part of any business is maintaining a good relationship with its suppliers and the Group is well aware of the need to ensure that its current main supplier Core Scientific, which provides hosting and power facilities, is managed carefully. We maintain a close working relationship with Core Scientific with regular meetings and an open dialogue. As we move to an owned and operated model and we move away from Core Scientific, the key supplier relationships going forward will be with the power companies supplying our sites, infrastructure and construction companies and the mining machine component and main manufacturers. We seek to maintain good relationships with all these suppliers by having regular meetings and continuing to meet our accounts payable as they fall due.

The Chairman's statement discusses in more detail the Group's social and community impact.

Provision of Information to Auditor


So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, PKF Littlejohn LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

This report was approved by the board on 27 April 2022 and signed on its behalf by:



Peter Wall

Chief Executive Officer

ARGO BLOCKCHAIN PLC

REMUNERATION COMMITTEE REPORT

This remuneration committee report sets out the Group's policy on the remuneration of executive and non-executive Directors together with details of Directors' remuneration packages and service contracts for the financial year ended 31 December 2021.

Key activities during the year

During the year, the Company established a Remuneration Committee. Prior to this, and, given the size of the Board, all matters normally considered by the Remuneration Committee were considered by the Board as a whole.

The Company engaged Compensia and FIT Remuneration Consultants LLP to provide the Group with advice on remuneration for the Company's directors and senior management.

The Company developed, in light of the advice from Compensia and FIT Remuneration, a new remuneration policy which was approved by shareholders at the General Meeting held on 6 September 2021.

In connection with the Company's admission to Nasdaq, the Company undertook a review of the remuneration packages for the Company's directors and employees.

The Board, prior to the establishment of the Remuneration Committee, reviewed the fees payable to Company's non-executive directors.

Changes to directors' remuneration

Following the advice received from Compensia and FIT Remuneration, the company made the following changes to directors' remuneration:

Director	2020 Base Salary**	2021 Based Salary**
Peter Wall	£211,200	£252,018
Alex Appleton	£120,000	£187,871*

*Being the pound sterling amount calculated based on the average exchange rate for the year using the Fedex closing bank rate.

** Includes payment in lieu of benefits

The changes to base remuneration were determined in light of the Company's admission to Nasdaq, industry comparables as reported by Compensia and FIT Remuneration, however remain below industry averages given the strategic priorities of the Company on developing its infrastructure and operations. The Company has sought to pay salaries which fairly compensate the executive directors for their responsibilities and time commitment to the Company.

Discretion exercised during the year

In light of the additional significant time commitment and effort required to deliver the Company's admission to Nasdaq during the year, the Remuneration Committee exercised its discretion to award bonuses to each of Peter Wall (US\$130,000) and Alex Appleton (in the sum of US\$75,000).

Remuneration Policy

Setting the policy

The Company sought advice from remuneration consultants in respect of the market approach to remuneration in the US and UK respectively. The advice provided by Compensia (US) and FIT Remuneration Consultants (UK) included benchmarking against comparable businesses. On the basis of these reports and the Company's anticipated future requirements, the Board has developed the Policy.

The Policy has been reviewed and approved by the independent directors, and is designed to enable the Company to offer appropriate levels of remuneration to ensure the Company is able to attract, retain and motivate the Company's directors. The Policy is designed to provide appropriate incentives to reward good performance, management of risk and the pursuit of the Company's strategic objectives.

The Board and the independent directors have considered the guidance issued by organisations representing institutional shareholders. The Company does not currently have a significant institutional shareholder base, and as

ARGO BLOCKCHAIN PLC

such has not been in a position to consider the views of such shareholders in setting the Policy. Due to the retail heavy and disparate nature of the Company's existing shareholder base, it has not been possible for the Board to engage with the Company's existing shareholder base in advance of proposing the Policy. The last Remuneration Policy was approved at the General Meeting held on 6 September 2021 where 77% of votes were held in favour.

Historical arrangements

The Policy is without prejudice to existing remuneration awards and arrangements that existed prior to the adoption of the Policy. At the time these existing awards expire or are exercised, new awards will be considered and granted in line with the Policy (subject to approval of the Policy by shareholders).

Introduction:

This Directors' Remuneration Policy (**Policy**) contains the information required to be set out as the directors' remuneration policy for the purposes of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Policy applies in respect of all executive officers appointed to the Board of Directors (**Executive Directors**) and non-executive directors. The Company aims to provide sufficient flexibility in the Policy to account for differences in the market norms in each jurisdiction in which the Group operates, unanticipated changes in compensation practices and business conditions, and to ensure the Remuneration Committee has appropriate discretion to retain its top executives who perform. The Remuneration Committee reserves the right to approve any payments that may be outside the terms of this Policy, where the terms of that payment were agreed before the Policy came into effect, or before the individual became a director of the Company.

Maximum caps are provided to comply with the required legislation and should not be taken to indicate an intent to make payments at that level. The maximum caps are valid at the time that the relevant employment agreement or appointment letter is entered into and the caps may be adjusted to take into account fluctuations in exchange rates.

Remuneration Policy for Executive Directors

Future Policy Table – Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
Base salary		
To provide fixed remuneration at an appropriate level, and award for services provided. Intended to be sufficient to attract, retain and develop high-calibre individuals.	<p>When setting base pay, the Remuneration Committee gives consideration to a range of factors, including but not limited to:</p> <ul style="list-style-type: none"> the prevailing market rate for the services provided; recognition of the individual's performance and contribution to the Company; the individual's skills and expertise; the responsibilities of the individual and their job role; and the relative base salaries within the Company's Group. Base pay is reviewed on an annual basis and paid monthly. 	<p>While the Company has not set a formal maximum, remuneration will normally be based on the market norm for the role undertaken and the experience of the candidate.</p> <p>Increases will generally be in line with the increases awarded to the Company's employees, however higher increases may be made if the Remuneration Committee considers it appropriate, for example where there is:</p> <ul style="list-style-type: none"> an increase in the responsibilities or nature of the role; or the individual has developed within the role.

ARGO BLOCKCHAIN PLC

<i>Purpose and link to strategy</i>	<i>Operation</i>	<i>Maximum opportunity</i>
Annual Bonus		
To incentivise and reward short term performance against targets and individual objectives aligned with the Group's strategy.	<p>Annual bonus awards are dependent on performance, which is measured over one year and the bonus becomes payable after the year end.</p> <p>The Remuneration Committee sets the targets annually, based on the strategic priorities identified by the Board. The targets are closely aligned to the Company's strategy and targeted to reward good performance, management of risk and the pursuit of the Company's strategic objectives.</p> <p>Individual performance is reviewed following the year end and, if the targets are met (in whole or in part) awards are payable as determined by the Remuneration Committee. Where targets are partially met, then a proportion of the maximum bonus, determined by the Remuneration Committee, will be payable.</p> <p>The Remuneration Committee has discretion to claw back from individuals some or all of the cash bonus award in certain circumstances, including but not limited to where the individual is found to have committed gross misconduct.</p>	The maximum annual bonus opportunity is equivalent to 100% of base pay.
Pensions & Retirement Savings		
To provide pension contributions and retirement savings to attract and retain high-calibre individuals.	The pension or retirement savings allowance for executive directors will be based on market norms and may be paid into a pension scheme or retirement savings plan or taken as cash, at the election of the relevant director.	The maximum pension allowance that may be provided will be capped at a level consistent with the pension arrangements of the Company's employees generally.
Benefits		
To provide a market competitive benefits package to attract and retain high-calibre individuals.	The Company may offer a range of benefits, including but not limited to private medical insurance, company car, additional holiday or other benefits made available by the Company from time to time.	The level of benefits will be based on the market norm for the role undertaken and the experience of the candidate.

ARGO BLOCKCHAIN PLC

<i>Purpose and link to strategy</i>	<i>Operation</i>	<i>Maximum opportunity</i>
	The Company may pay cash in lieu of benefits where it is necessary or desirable to do so (for example, in situations where the Company does not have sufficient number of employees to establish company sponsored arrangements).	
Equity Incentives		
To align the variable pay of the executive directors with the long term execution of the Company's strategy.	<p>Equity remuneration (commonly in the form of share options or restricted stock units) over Ordinary Shares or American Depositary Shares (ADSs) depending on the country in which the director is based.</p> <p>Stretching performance targets are set by the Remuneration Committee on grant of the awards. The performance conditions are determined by reference to the individual's job role and responsibilities, and are designed to align the reward to both individual performance and the performance of the Company as a whole. The Remuneration Committee will set the relative weighting between the performance measures based on, among other factors, their relevance to the individual and their job role and their relative importance taking into account the Company's strategic priorities.</p> <p>Performance is usually assessed over a three year period with vesting at the end of the performance period. Once vested, no further performance conditions attach to the award.</p> <p>Subject to meeting minimum performance thresholds, the awards will vest on a proportionate basis depending on the performance of the individual against the relevant performance measures, as determined by the Remuneration Committee. The Remuneration Committee may adjust or waive a performance target if the circumstances result in that performance target no longer being applicable or appropriate.</p> <p>The Remuneration Committee has discretion to reduce or cancel any unvested award in certain circumstances, including but not limited to where the individual is found to have committed gross misconduct.</p>	While the Company has not set a formal maximum, equity incentivisation will normally be based on the market norm for the role undertaken and the experience of the candidate.

ARGO BLOCKCHAIN PLC

Remuneration Scenarios for Executive Directors

The charts below illustrate how much the current Executive Directors could receive under different performance scenarios in 2021. To compile the charts below, the following assumptions have been made:

- base pay is that under the arrangements in force as at 18 August 2021;
- taxable benefits are those currently in force as at 18 August 2021; and
- no pension payments are currently awarded.

Director	Base Pay	Taxable Benefits	Pension	Total
Peter Wall (CEO)	£192,000	£19,200	£nil	£211,200
Alex Appleton (FD)	£120,000	£nil	£nil	£120,000

The remuneration scenarios are as follows:

Remuneration in line with expectation	<p>The Company's current remuneration policy provides that all bonuses are at the Chairman's discretion, and therefore for the purposes of this table a bonus payment of 12.5% of base salary has been calculated.</p> <p>The currently granted options vest over time, and are not subject to performance conditions. As such, full vesting has been assumed for purposes of this calculation, and the options have been valued using the Black-Scholes model.</p>
Maximum Remuneration	<p>The Company's current remuneration policy provides that all bonuses are at the Chairman's discretion, and therefore for the purposes of this table a bonus payment of 25% of base salary has been calculated.</p> <p>The currently granted options vest over time, and are not subject to performance conditions. As such, full vesting has been assumed for purposes of this calculation, and the options have been valued using the Black-Scholes model.</p>
Share Price Appreciation	<p>The share price appreciation assumes the maximum scenario a 50% increase in share price based on the share price at grant.</p> <p>The currently granted options vest over time, and are not subject to performance conditions. As such, full vesting has been assumed for purposes of this calculation, and the options have been valued using the Black-Scholes model.</p>

ARGO BLOCKCHAIN PLC

Peter Wall (%) (See note below)

Total £

Minimum	19%	2%	0%	79%	1,015,880
In line	18%	2%	3%	77%	1,039,880
Maximum	18%	2%	4%	76%	1,063,880
Share Price Appreciation	13%	1%	3%	83%	1,500,623

Note:

The share option payments assume that all outstanding but as yet unexercised share options vest Wall. These share option awards were priced at the market price when the share price was consistently significantly lower than the current market price.

Alex Appleton (%)

Total £

Minimum	96%	0%	0%	4%	124,999
In line	86%	0%	10%	4%	139,999
Maximum	77%	0%	20%	3%	154,999
Share Price Appreciation	73%	0%	18%	9%	165,264



Base pay



Taxable Benefits



Bonus

Share option payment

ARGO BLOCKCHAIN PLC

Approach to recruitment remuneration for executive directors

The Company's policy on the recruitment of directors is to pay a fair remuneration package for the role being undertaken and the experience of the individual being recruited, within the limits of our approved Policy and the Future Policy Table. The Remuneration Committee will offer a remuneration package that it considers appropriate in the particular circumstances of the recruitment, giving due regard to the interests of the Company's shareholders, and taking into account factors such as market practice of other companies of a similar size and sector, existing arrangements for the other executive directors, internal relativities and market positioning. When an individual is recruited at below market norms, they may be re-aligned over time, subject to performance in the role.

The Remuneration Committee may find it necessary to compensate a new recruit for forfeiture of entitlements as a consequence of the recruit leaving his or her previous employment to join the Company. There is no limit to the value of such buy-out award, however the Remuneration Committee will rigorously consider the appropriate value so as not to pay more than the compensation being forfeited.

For external and internal appointments, the Board may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

Service Contracts for Executive Directors

It is intended that the service contracts for new Executive Directors will not contain terms that are materially different from those summarised below or contained in this Policy.

Notice Period	The service contracts for the Executive Directors are generally for an indefinite term and terminable on notice. The maximum length of notice is 12 months, however the Company may agree an initial minimum term of not more than 2 years in certain circumstances.
Payment in lieu of notice	The Company may include the right to pay employees in lieu of notice, determined by reference to their base salary and contractual benefits (including pension).
Garden Leave	The Company may include the right to place employees on garden leave.
Summary dismissal	In particular circumstances (such as gross misconduct) the Company may summarily dismiss employees without further payment.
Directors' and Officers' Insurance	The Company intends to provide directors' and officers' liability insurance and an indemnity to the fullest extent permitted by law and the Company's articles of association.

Differences in remuneration policy for other employees

The Company's approach to determining the appropriate remuneration and reviewing the rewards of the Executive Directors and the Group's employees generally is the same. The Remuneration Committee takes into account the market norms for the relevant role, with assistance from external remuneration consultants as required. The Company seeks to ensure the benefits package is appropriate for the seniority of the role concerned.

Employees and Executive Directors will all be considered for inclusion in the Company's equity incentive plans from time to time, depending on their seniority.

Payments for loss of office

The Company does not make additional payments for loss of office, other than, as appropriate, payment in lieu of notice or payments in respect of damages if the Company terminates an Executive Directors' service contract in breach of contract.

ARGO BLOCKCHAIN PLC

Non-statutory redundancy payments

Executive directors are not entitled to non-statutory redundancy payments.

Payments required by law

The Remuneration Committee will may any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in a good faith discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of an Executive Director's office or employment.

Remuneration Policy for Non-Executive Directors

Future Policy Table – Non-Executive Directors

<i>Purpose and link to strategy</i>	<i>Operation</i>	<i>Maximum opportunity</i>
Annual Board Fees		
Intended to be sufficient to attract, retain and develop high-calibre individuals.	<p>Board fees for non-executive directors are set by the Remuneration Committee, taking into account a range of factors, including but not limited to:</p> <p>the prevailing market rate for the services provided;</p> <p>recognition of the individual's performance and contribution to the Company;</p> <p>the individual's skills and expertise;</p> <p>the responsibilities of the individual (for example, their service on committees)</p>	<p>The aggregate ordinary remuneration for directors is limited to £500,000 as set in the Company's Articles of Association.</p> <p>Any directors who serves on any committee, or who devotes special attention to the business of the Group, or who otherwise performs services which in the opinion of the directors are outside of the scope of the ordinary duties of a directors, may be paid such extra remuneration as the directors may determine.</p>
Benefits		
Intended to be sufficient to attract, retain and develop high-calibre individuals.	The Company provides directors' and officers' liability insurance and an indemnity to the fullest extent permitted by law and the Company's articles of association.	The maximum amount payable in respect of these costs and cost of insurance will be the reimbursement of the Non-Executive Directors' benefits grossed up for any tax payable by the individual.
Equity Incentives		
To align the pay of the non-executive directors with the long term execution of the	Equity remuneration (commonly in the form of share options or restricted stock units) over Ordinary Shares or American	While the Company has not set a formal maximum, equity incentivisation will

ARGO BLOCKCHAIN PLC

<i>Purpose and link to strategy</i>	<i>Operation</i>	<i>Maximum opportunity</i>
Company's strategy and the creation of shareholder value.	<p>Depository Shares (ADSs) depending on the country in which the director is based.</p> <p>Awards will not be subject to performance conditions, but will be subject to the non-executive director continuing to be engaged by the Group.</p>	normally be based on the market norm for the role undertaken and the experience of the candidate.
Other costs and expenses		
To reimburse non-executive directors for legitimately incurred costs and expenses.	The Company will pay for all travel, hotel and other expenses reasonably incurred by Non-Executive Directors (and any associated tax thereon) in the course of the Company's business.	<p>The maximum amounts payable in respect of these costs and expenses will be the reimbursement of the Non-Executive Directors' costs and expenses grossed up for any tax payable by the individual.</p>

Letters of Appointment

The appointments of non-executive directors are subject to a 3-year term and to termination upon 3 months' notice given by either party.

Payments for loss of office

Non-executive directors are subject to three months' notice periods prior to termination of service and are not entitled to any compensation on termination save for accrued fees as at the date of termination and reimbursement of any expenses properly incurred prior to that date.

Consideration of employment conditions elsewhere in the Group

The Board and the independent directors have not consulted with employees about executive pay but considers that the current remuneration of executive directors is consistent with pay and employment benefits across the wider Group.

ARGO BLOCKCHAIN PLC

Directors' remuneration (audited)

Details of directors' remuneration during the year ended 31 December 2021 is as follows:

Director	Salary and fees	Bonus	Gain on exercise of options/ warrants	Loss of office	2021 Total	Fixed element	Variable element
	£	£	£	£	£	£	£
Executive Directors							
P Wall	221,404	221,404	3,611,369	-	4,447,052	221,404	4,133,773
A Appleton	66,968*	148,877	-	-	215,844	66,968	148,877
I MacLeod	77,000	-	2,014,087	132,100	2,223,187	77,000	2,146,187
Non-executive Directors							
S Gow	16,282	-	-	-	16,282	16,282	-
M Perrella	16,282	-	-	-	16,282	16,282	-
M Shaw	36,769	-	1,203,810	-	1,240,579	36,769	1,203,810
M D'Attansio	25,000	-	-	-	25,000	25,000	-
J Savage	25,577	-	-	-	25,577	25,577	-
C Sullivan	-	-	-	-	-	-	-
Total	485,283	370,280	7,130,266	132,100	8,117,929	485,283	7,632,646

Note – there were no taxable benefits or pension paid to any of the Directors during the year

*Fees from when he became a director on 29 July 2021

Ian MacLeod resigned on 28 July 2021, Marco D'Attanasio and James Savage both resigned on 29 July 2021, Colleen Sullivan resigned on 8 November 2021. Please refer to Directors Report for dates of appointments during the 2021 financial year.

Ian MacLeod's compensation for loss of office was calculated in accordance with giving 12 month's notice, which is in line with other executive directors and is comparable with other publicly listed entities.

Details of Directors' remuneration during the year ended 31 December 2020 is as follows:

Director	Salary and fees	Bonus	Gain on exercise of options/ warrants	2020 Total	Fixed element	Variable element
	£	£	£	£	£	£
Executive Directors						
P Wall	211,200	27,049	-	238,249	211,200	27,049
I MacLeod	128,539	36,444	-	164,983	128,539	36,444
T Le Druillenec	21,500	-	-	21,500	21,500	-
J Savage*	47,035	-	-	47,035	47,035	-
Non-executive Directors						
M D'Attansio	12,500	-	-	12,500	12,500	-
J Savage	8,750	-	-	8,750	8,750	-
M Shaw	36,532	-	-	36,532	36,532	-
Total	466,056	63,493	-	529,549	466,056	63,493

ARGO BLOCKCHAIN PLC

Note – there were no taxable benefits or pension benefits paid to any of the Directors during the year

Details of the share options and warrants granted to the Directors during the period are included within the Directors' Report. These shares were issued in accordance with the Canadian share option plan and UK share option and warrant plan. The shares were issued at a price above that of market value with vesting conditions attached to length of service to encourage retention of Directors over a longer period in line with the Group's long term strategy and to align with long term growth in shareholder value.

Total pension entitlements (audited)

The Company does currently not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Payments to past Directors (audited)

The Company has not paid any compensation to past Directors.

Statement of Directors' shareholding and share interests (audited)

The Directors who held office at 31 December 2021 and who had beneficial interests in the Ordinary Shares of the Company are summarised as follows:

Director	Position
Peter Wall	Chief Executive Officer and Chairman
Sarah Gow	Non-Executive Director
Matthew Shaw	Non-Executive Director

Details of these beneficial interests can be found in the Directors' Report.

Service Agreements and Letters of Appointment

The service contract with Peter Wall and Alex Appleton are on a continuous basis, subject to termination provisions, and subject to termination upon 12 months' notice given by either party. The appointments of Sarah Gow, Maria Perrella, Matthew Shaw and Raghav Chopra are subject to a 3 year term and to termination upon 3 months' notice given by either party.

Terms of appointment

The services of the Directors, provided under the terms of agreement with the Group are dated as follows:

Director	Year of appointment	Number of years completed	Date of current engagement letter
Peter Wall	2020	2	14 January 2020
Matthew Shaw	2019	2	7 September 2019
Alex Appleton	2021	-	4 September 2020
Maria Perrella	2021	-	21 July 2021
Sarah Gow	2021	-	21 July 2021
Raghav Chopra	2022	-	23 February 2022

Performance relative to market index

Comparing the total shareholder return of an ordinary share in Argo Blockchain plc against the total shareholder return of the FTSE All-share index. For the year ended 2021, ARB saw a rise in share price from 33 pence to 98.7 pence, an increase of 199%. In the same period, FTAS rose from 3,673.63 to 4,208.02, an increase of 15%.

ARGO BLOCKCHAIN PLC

UK 10-year CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-year CEO table and UK percentage change table. The Directors do not currently consider that including these tables would be meaningful because, the CEO remuneration is not currently linked to performance, therefore any comparison across years or with the employee group would be significantly skewed and would not add any information of value to shareholders. The CEO's remuneration is disclosed in full in the Directors' remuneration section. The Directors will review the inclusion of this table for future reports.

Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the Company does not currently pay dividends we have not considered it necessary to include such information.

Description	2021 £'000
Wages, salaries and remuneration	485
Bonus	370
Compensation for loss of office	132*
Share based payment	431
Total	1,418

*Please see above for further details of how this is calculated.

Consideration of shareholder views

The Board will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Group's annual policy on remuneration.

At the AGM held on 6 September 2021 the following votes were cast on the remuneration policy, equity incentive plan and equity awards for non-executives:

Resolution	For	Against
To approve the remuneration policy	77%	23%
To approve the equity incentive plan	33%	67%
To approve equity awards for non-executives	82%	18%

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

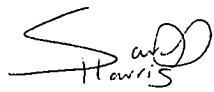
For external and internal appointments, the Board may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

Other matters

ARGO BLOCKCHAIN PLC

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect. The share options granted are discussed above.

This report was approved by the Board on 27 April 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Sarah Gow', with a stylized flourish at the end.

Sarah Gow

Chair of the Remuneration Committee

ARGO BLOCKCHAIN PLC

CORPORATE GOVERNANCE REPORT

The QCA 10 Principles of Corporate Governance

The Board of Directors of Argo Blockchain PLC recognises the importance of corporate governance and has decided to apply the Corporate Governance Code published by the Quoted Companies Alliance (the "QCA Code").

The QCA Code sets out a standard of best practice for small and midsize quoted companies. The QCA's ten principles of corporate governance are set out below, along with a description of the Company's approach to the relevant principle.

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Group is a UK based provider of cryptocurrency mining with its facilities located in Canada and the US. The business focusses on acquiring the most up to date and efficient hardware to support its mining facilities with a focus on return on investment and prioritises the utilisation of renewable energy sources (wherever possible) at the most competitive prices.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group seeks to communicate with shareholders to ensure that its financial performance and strategy are clearly understood. This is achieved through regular updates by RNS to the London Stock Exchange, filings with the Security and Exchange Commission in the United States and meetings with various shareholders. The Group attends investor conferences in the UK and USA and ensures its website provides accurate information and is kept up to date.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success

Our stakeholder groups include our employees in Canada, the United Kingdom, United States of America and our business partners. Employees are kept informed of the Company's progress and development by way of weekly meetings and have access to the Board at all times. We aim to recruit and retain our staff by ensuring our pay and conditions are competitive in the market place and offer training and career development where appropriate. We seek to maintain a good business relationship with our business partners who are well-respected experts in their field.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group has six directors and, until recently, had a small number of employees. As part of the Company's growth and increase in size, the Company has invested time and effort into building its processes and procedures commensurate to its size and stage of operations, including financial controls. With the shift to vertical integration, the Company has gained greater involvement in and control of its operations, and considers this increases its ability to manage risk and consider opportunities and threats at all levels of the organisation.

The Board is responsible for overall company strategy and ensuring it is implemented and operates close supervision of all purchasing and revenue functions. Regular financial reporting is performed in Canada, USA and the UK and consolidated results are prepared and then reviewed by the Board and clarification sought where necessary. As part of the Company's growth, the Company has developed an appropriate oversight structure to ensure appropriate supervision of all aspects of the business. These reporting structures ensure the Board is kept informed of material developments and the general progress of the business, and enables action to be taken if inefficiencies or irregularities are uncovered.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board is led by Peter Wall as the Company's Interim Executive Chairman, supported by the Company's non-executive directors. Peter Wall was appointed as the Company's Interim Executive Chairman following a significant change to the board and the departure of the Company's previous Chairman. He is supported by Alex Appleton, the Company's Chief Financial Officer, and the Company's four non-executive directors.

The Company acknowledges that the combination of the roles of Chairman and Chief Executive Officer is not regarded as best practice, but has not yet identified a suitable candidate for appointment as Non-Executive Chair. The Company intends to continue its search for an appropriate Non-Executive Chair and in the meantime the Company's non-executive directors have provided and will continue to provide the appropriate support and challenge to the Company's

ARGO BLOCKCHAIN PLC

executive team. The Board considers that each director has the required level of expertise and experience in his field and regular Board meetings are held to discuss all key matters and, notwithstanding the combination of the role of Chairman and Chief Executive officer, the Board functions well and is appropriately led.

Principle 6: Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities

The Board is comprised of individuals with appropriate expertise and experience, each of whom brings a differing but complementary skillset to the Board. All the directors receive regular updates on the Group's operational and financial performance and attend frequent Board meeting where key issues are discussed at length. The Board is responsible for the appointment, removal and re-election of directors and when such a decision is required it will take account of the Company's need for a balance of market, operational and financial expertise. All directors have the ability to take independent professional advice at the Company's expense where they consider it necessary to ensure they fulfil their duties in an appropriate manner.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board is constantly reviewing the Group's and its own performance based on internally set performance indicators and utilises those performance evaluations and indicators to identify areas of success and the potential for improvement.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board is conscious to impart and maintain a forward looking corporate culture throughout the Group, based on ethical values and respect for the contributions of the Company's staff. The Board leads by example and sets high standards and expectations for the Company's staff.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the board

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code published by the Financial Reporting Council (FRC Corporate Governance Code). The Company notes that it will not undertake the following steps required by the FRC Corporate Governance Code in that:

- given the composition of the Board and the Company's stage of development, certain provisions of the FRC Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive) are not currently being complied with;
- the FRC Corporate Governance Code recommends that the submission of all directors for re-election at annual intervals. In accordance with the Company's articles of association, directors will be submitted for re-election at the first Annual General Meeting following their appointment and on a three yearly basis thereafter.
- the Board does not comply with the provision of the FRC Corporate Governance Code that it has not appointed a senior independent director. The Company will keep this under review.

However, in the interests of observing best practice on corporate governance, the Company intends to comply with the provisions of the QCA Code insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board.

The Company's Standard Listing means that it is also not required to comply with those provisions of the Listing Rules which only apply to companies on the Premium List. The UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.

Principle 10: Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Company is proactive in communicating with shareholders and other relevant stakeholders, on an annual basis by way of the Annual Report and the financial statements, and more regularly through the half year Interims, monthly operational updates and regulatory announcements. Outside of formal communications, the Company engages with

ARGO BLOCKCHAIN PLC

shareholders and interested parties through Q&A sessions and other informal updates. The Company maintains a comprehensive website, which is available at www.argoblockchain.com.

ARGO BLOCKCHAIN PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with UK-adopted international accounting standards. 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 company and of the profit and loss of the group and company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company'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 and the Directors' Remuneration Report 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 also responsible to make a statement that they consider the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the group's and company's position and performance, business model and strategy.

Website publication

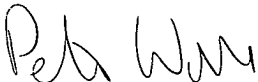
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the group and company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4 (Disclosure and Transparency Rules)

The directors confirm to the best of their knowledge:

- The group and company financial statements have been prepared in accordance with UK-adopted international financial reporting standards and give a true and fair view of the assets, liabilities, financial position and profit or and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group and company; and
- The annual report includes a fair review of the development and performance of the business and financial position of the group and company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



Peter Wall

CEO and Interim Executive Chairman

27 April 2022

ARGO BLOCKCHAIN PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGO BLOCKCHAIN PLC

Opinion

We have audited the financial statements of Argo Blockchain plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, 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 a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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's and parent company's ability to continue to adopt the going concern basis of accounting included a review of management's cash flow forecasts to December 2023, along with an assessment of the "disaster scenario" forecast, together with an assessment as to its likelihood. The audit team performed sensitivity analysis on the price of Bitcoin and the related level of difficulty, including an overall assessment on the effect on the mining industry were the price to significantly decrease, by assessing estimated power costs per miner. The audit team performed stress testing to identify the point at which the price of Bitcoin would have to fall to, net of the effect of difficulty, in order for the group to no longer be considered a going concern, which was assessed to be extremely unlikely. We have reviewed all key inputs into the cash flow forecasts, with particular emphasis on those areas of judgement and estimation uncertainty, and ensured they are appropriate and no evidence of management bias exists.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

ARGO BLOCKCHAIN PLC

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed 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.

The group materiality for the financial statements as a whole was set at £758,400 (2020: £190,000). This was calculated based on 1% of total revenue for the year, being the same benchmark used in the prior year. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it will be most relevant to stakeholders in assessing the financial performance of the group. This benchmark is key in being able to demonstrate to stakeholders year on year growth in revenue, and achieving greater mining profitability as a result. The percentage used is a reflection of the perceived risk in the industry and the significant growth of the group, which therefore enabled greater coverage of revenue from the audit procedures undertaken. Revenue is also a key performance indicator of the group, as disclosed within the strategic report, and hence supports the principal benchmark used to calculate overall materiality of the group.

The parent company materiality for the financial statements as a whole was set at £118,700 (2020: £23,000). This was calculated based on 2% of total expenditure. The same benchmark was used in the prior year. We have determined this to be the principal benchmark of the parent company, as revenue is generated solely through its subsidiary. A key management target is to minimise parent company expenditure, in order to maximise the utilisation of funds within the trading subsidiary. Materiality for the trading subsidiary has been calculated on the same basis as that of the group.

Other significant components of the group, which were acquired during 2021, were audited to a level of materiality ranging from £54,200 to £758,000. Performance materiality was set at 60%.

Performance materiality for the group financial statements was set at £455,000 (2020: £114,000) and the parent company was set at £83,000 (2020: £16,100), being 60% and 70% of materiality for the financial statements as a whole respectively. The performance materiality for the group and all subsidiaries is based on our assessment of the relevant risk factors e.g. previous experience of misstatements, management's attitude towards proposed adjustments, and the level of estimation inherent within the group and parent company. We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £37,920 (2020: £9,950) for the group and for the parent company a value in excess of £5,935 (2020: £1,150). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

We assessed all components of the group for their significance in order to determine the extent of the work to be performed on them in order to obtain sufficient and appropriate audit evidence on which to base the group audit opinion. Those entities of the group which were considered to be significant components, being Argo Blockchain Plc, Argo Innovation Labs Inc, Argo Innovation Facilities Inc., GPUone 9377-2556 Inc. and GPUone 9366-5230 Inc. were subject to full scope audit procedures by PKF Littlejohn LLP. Procedures were performed to address the assessed risks of material misstatement.

We did not rely on the work of any component auditors.

Key audit matters

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were

ARGO BLOCKCHAIN PLC

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.

Key Audit Matter	How our scope addressed this matter
<p>Evaluation of the accounting for and disclosure of cryptocurrency mining revenue recognised (Note 7)</p> <p>The group recognises revenue in accordance with IFRS 15, Revenue from Contracts with Customers.</p> <p>The group provides computing power services to a digital asset mining pool (the "Pool") and has executed a contract with the Pool operator to provide the computing power. The contract is terminable at any time by either party and the group's enforceable right to compensation begins when the group provides computing power to the Pool.</p> <p>In exchange for providing computing power, the group is entitled to a fractional share of the fixed cryptocurrency award the Pool operator receives for successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that block. The group's fractional share is based on the proportion of computing power the group contributed to the Pool as compared to the total computing power contributed by the Pool participants in solving the current algorithm.</p> <p>During the year ended 31 December 2021, the group recognised cryptocurrency mining revenue of £70,325,000. The group's management has exercised significant judgment in their determination of how IFRS 15 should be applied to the accounting for and disclosure of cryptocurrency mining revenue recognised. In addition, a portion of the group's cryptocurrency mining hardware that provides computing power to the Pool is currently hosted at a third party facility. As such, the overall accounting for and disclosure of cryptocurrency mining revenue recognised involved the IT environment of both the group and the third party hosting facility.</p> <p>We identified the accounting for and disclosure of cryptocurrency mining revenue recognised as a key audit matter due to the complexities involved in auditing completeness and occurrence of the revenue recognised by the group, particularly in light of the risks involved in the design and effectiveness of certain internal controls over the IT environment.</p>	<p>In responding to the identified key audit matter we completed the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated the design and effectiveness of the internal control environment, including general controls over the group's IT environment and key financially relevant systems. We also performed a walkthrough to ensure that the key controls in place are appropriate and have been operating in the period under audit; • Evaluated management's rationale for the application of IFRS 15 to account for its cryptocurrency awards earned, including evaluating the provisions of the contract between the group and the Pool; • Performed substantive transactional testing of income recognised, by vouching a sample of transactions from the group's digital wallets to the Bitcoin blockchain, and recalculating the fair value on recognition; • Vouched a sample of transactions directly from the Bitcoin blockchain back to the group's digital wallets; • Vouched a sample of cryptocurrencies outwards transfers to supporting documentation and recalculated any gain or loss on transfer; • Performed a reconciliation of the gain or loss on revaluation of digital assets at the year-end; • Evaluated management's disclosures of its cryptocurrency activity in the financial statements; • Evaluated and tested management's rationale and supporting documentation associated with the valuation of cryptocurrency awards earned; and • Performed substantive analytical procedures to determine completeness and occurrence of digital assets earned by the group as consideration for services rendered by assessing total hashpower contributed to the network by the group against the total block rewards and transaction fees issued over the year. <p>Key observations: We are satisfied that revenue recognised in the financial statements is materially complete and accurate. We have assessed the accounting treatment of revenue recognition in line with the requirements of IFRS 15 and determined the recognition criteria and classification to be appropriate.</p>
<p>Evaluation of the accounting for and disclosure of Digital assets (Note 18 and 22)</p>	<p>In responding to the identified key audit matter we completed the following audit procedures:</p>

ARGO BLOCKCHAIN PLC

As at 31 December 2021, the group's digital assets held as of 31 December 2021, which mainly consist of Bitcoin, had a total value of £86,062,000. The digital asset portfolio is accounted for under two separate accounting standards, based on its nature.

£80,759,000 has been accounted for under IAS 2 – Inventory, being those cryptocurrencies held in the normal course of business. These principally comprise of Bitcoin and similar cryptocurrencies, and are disclosed as current assets in the statement of financial position. Fair value movements are recognised in profit or loss.

£5,303,000 has been accounted for under the revaluation model per IAS 38 – Intangible Assets. These assets are made up of Ethereum stakes tokens, which are being held for staking rewards and capital appreciation. These cryptocurrencies are recorded as non-current assets in the statement of financial position. Fair value movements are recognised in other comprehensive income.

Management has exercised significant judgment in their determination of how to apply IAS 2 and IAS 38 to the accounting for cryptocurrencies held, the associated financial statement presentation and the accompanying disclosure notes.

Evaluation of the accounting for and disclosure of the business combinations of the Mirabel and Baie Comeau hosting facilities and the asset acquisition of the Texas site (Helios) held by DPN LLC (Notes 17 and 19)

During the year, the group acquired two companies which owned hosting facilities in Mirabel and Baie Comeau, for a total consideration of **£5,537,000**. They also acquired land with access to a renewable power source in Texas for total consideration of **£12,200,000**.

There is a risk that the fair value of the acquired assets and liabilities, as well as purchase consideration where judgement and estimation is required when valuing contingent elements, has not been calculated correctly. The identification and valuation of separately identifiable intangible assets, including their estimated useful economic lives, involves judgements and assumptions by management.

There is also a risk that the accounting entries regarding business combinations have not been recorded appropriately in accordance with IFRS 3, and that the disclosures in the financial statements surrounding the acquisitions are incomplete.

Management has assessed that the transaction with DPN LLC, which gave the group ownership of 160 acres of land in western Texas with access to up to 800 MW of power where they are currently developing a mining facility, does not constitute a business combination.

- Evaluated the design and effectiveness of certain internal controls over the group's digital storage wallets with the assistance of internal IT specialists;
- Observed management's access to the group's digital storage wallets;
- Evaluated management's rationale for the application of IAS 2 and IAS 38 to account for its cryptocurrencies held, including management's processes for evaluating the fair value of its cryptocurrencies;
- Agreed the fair value of digital assets held at the year-end to third party market data;
- Evaluated management's rationale for the classification of cryptocurrencies as either current or non-current assets on the balance sheet; and
- Evaluated management's disclosures of its cryptocurrency activity in the financial statements.

Key observations:

We are satisfied that the group has title to the digital assets as recorded within Note 22.

We are also satisfied the digital assets held and recognised as at 31 December 2021 are stated at fair value based upon the existence of an active market.

In responding to the identified key audit matter we completed the following audit procedures:

- Evaluated management's assessment of the acquisition of DPN LLC against the criteria of IFRS 3 and confirmed that the definition of a business combination is not met;
- Evaluated the acquisition documents, confirming ownership and the terms of the acquisition and consideration payable;
- Evaluated the calculation of the deemed acquisition cost, comprising consideration, contingent consideration and the fair values of assets and liabilities acquired;
- Reviewed and challenged management and management's experts on the inputs and assumptions into the valuation of the assets and liabilities acquired;
- Evaluated and performed a recalculation of disclosures relating to the acquisitions; and
- Evaluated the deferred contingent consideration related to the acquisition of the DPN LLC land, including an assessment of the underlying terms and milestones.

Key observations:

We are satisfied that the acquisition of the Helios site does not meet the requirements of IFRS 3 and is appropriately treated as an asset acquisition, and that the deferred contingent consideration has been accurately reflected in the financial statements.

ARGO BLOCKCHAIN PLC

<p>Instead, the transaction is considered an acquisition of assets, and outside the scope of IFRS 3. In addition, the contingent consideration attached to the acquisition is a material judgemental area, and thus subject to management bias.</p> <p>Acquisition accounting is a key audit matter as these material transactions are non-routine, and are subject to areas of management judgement and estimation uncertainty.</p>	<p>We believe the fair values attributed to the assets and liabilities acquired in the business combinations accurately reflect their fair value at the completion date.</p>
--	--

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 report²⁹. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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 group and parent company financial statements and for being satisfied that they give a true and fair view, and for

ARGO BLOCKCHAIN PLC

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - Companies Act 2006
 - Canada Business Corporations Act
 - Securities Law
 - Anti Money Laundering Legislation
 - Disclosure Rules and Transparency rules for listed entities
 - Local tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - A review of the Board minutes throughout the year and post year-end
 - A review of the RNS announcements
 - A review of general ledger transactions
 - Discussion with management
 - Obtained confirmation from legal advisors
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk relating to the valuation of digital assets and the valuation of assets acquired through business combinations and asset acquisitions to be an area of potential for management bias. The valuation of the digital assets held at the year-end have been classified as "level 2" in the fair value hierarchy table, and supporting evidence has been obtained from a relevant trading platform to support the fair value of assets held. In respect of the asset and business acquisitions in the year, these are subject to valuation on the acquisition date. Management engaged experts to carry these out to support the values in the financial statements.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases

ARGO BLOCKCHAIN PLC

the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters which we are required to address

We were appointed by the Board on 26 February 2021 to audit the financial statements for the period ending 31 December 2020 and subsequent financial periods. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2018 to 31 December 2021.

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

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

David Thompson (Senior Statutory Auditor)

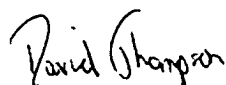
For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD



27 April 2022

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Continuing operations	Note		
Revenues	7	74,204	18,957
Direct costs	8	(22,186)	(17,106)
Change in fair value of digital currencies	22	1,628	2,070
Gross profit		53,646	3,921
Operating costs and expenses	8	(8,298)	(2,167)
Reversal of credit loss provision		-	447
Share based payment charge	23	(1,938)	(331)
Foreign exchange		(589)	(271)
Operating profit		42,821	1,599
Fair value revaluation of variable consideration	26	236	-
Fair value gain/(loss) of investments	15	183	-
Loss on sale of investment	15	(629)	-
Finance costs	8	(2,142)	(157)
Equity accounted loss from associate	16	(1,198)	-
Profit before taxation		39,271	1,442
Tax expense	13	(8,506)	-
Profit after taxation		30,765	1,442
Other comprehensive income			
Items which may be subsequently reclassified to profit or loss:			
- Currency translation reserve		(410)	265
- Equity accounted OCI from associate	16	6,571	-
- Fair value gains on intangible digital assets	18	414	-
Total other comprehensive income, net of tax		6,575	265
Total comprehensive income attributable to the equity holders of the Company		37,340	1,707
Earnings per share attributable to equity owners (pence)			
Basic earnings per share	12	7.7p	0.5p
Diluted earnings per share	12	7.4p	0.4p

The income statement has been prepared on the basis that all operations are continuing operations.


ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	15	403	1,393
Investments accounted for using the equity method	16	13,817	-
Intangible fixed assets	18	5,604	368
Property, plant and equipment	19	111,604	10,524
Right of use assets	19	350	7,379
Other receivables	20	-	4,115
Total non-current assets		131,778	23,779
Current assets			
Trade and other receivables	21	63,359	2,175
Digital assets	22	80,759	4,638
Cash and cash equivalents		11,803	2,051
Total current assets		155,921	8,864
Total assets		287,699	32,643
EQUITY AND LIABILITIES			
Equity			
Share Capital	24	468	303
Share Premium	24	139,581	1,541
Share based payment reserve	25	1,905	75
Fair value reserve	25	414	-
Currency translation reserve	25	33	443
Other comprehensive income of equity accounted associates	25	6,571	-
Accumulated surplus	25	52,838	21,965
Total equity		201,810	24,327
Current liabilities			
Trade and other payables	26	15,245	936
Contingent consideration	26	8,071	-
Loans and borrowings	27	23,391	-
Income tax	13	7,679	-
Deferred tax	13	286	-
Lease liability	28	7	3,470
Total current liabilities		54,679	4,406
Non-current liabilities			
Deferred tax	13	541	-
Issued debt - bond	27	26,908	-
Loans	27	3,391	-
Lease liability	28	370	3,910
Total liabilities		85,889	8,316
Total equity and liabilities		287,699	32,643

ARGO BLOCKCHAIN PLC

The Group financial statements were approved by the Board of Directors and authorised for issue on 27 April 2022 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Peter Wall', written in a cursive style.

Peter Wall

Chief Executive Officer

The accounting policies and notes on pages 52 to 88 form part of the financial statements.

Registered number: 11097258

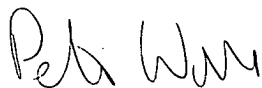
ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	14	12,181	-
Investments at fair value through profit or loss	15	73	-
Investments accounted for using the equity method	16	13,817	-
Total non-current assets		26,071	-
Current assets			
Trade and other receivables	21	8,598	186
Intercompany receivable	21	175,859	22,876
Cash and cash equivalents		126	1,456
Total current assets		184,583	24,518
Total assets		210,654	24,518
EQUITY AND LIABILITIES			
Equity			
Share Capital	24	468	303
Share Premium	24	139,581	1,541
Share based payment reserve	25	1,905	75
Other comprehensive income of equity accounted associates	25	6,571	-
Accumulated surplus	25	18,986	22,429
Total equity		167,511	24,348
Current liabilities			
Trade and other payables	26	8,164	170
Contingent consideration	26	8,071	-
Total current liabilities		16,235	170
Non-current liabilities			
Loans and borrowings	27	26,908	-
Total liabilities		43,143	170
Total equity and liabilities		210,654	24,518

ARGO BLOCKCHAIN PLC

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's total comprehensive income /(loss) for the year was £3,551,000 (2020 – loss of £610,000). The Group financial statements were approved by the board of directors and authorised for issue on 27 April 2022 and are signed on its behalf by:



Peter Wall

Chief Executive Officer

The accounting policies and notes on pages 52 to 88 form part of the financial statements.

Registered number: 11097258

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Currency translatio n reserve	Share based payment reserve	Fair Revalu ation Reserv e	Other comprehensi ve income of associates	Accumulate d surplus/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	304	1,540	443	75	-	-	21,965	24,327
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	30,765	30,765
Other comprehensive income	-	-	(410)	-	414	6,571	-	6,575
Total comprehensive income for the period	-	-	(410)	-	414	6,571	30,765	37,340
Transactions with equity owners:								
Share capital issued	164	150,977	-	-	-	-	-	151,141
Issue costs of share capital	-	(12,936)	-	-	-	-	-	(12,936)
Share based payment charge	-	-	-	1,938	-	-	-	1,938
Share options/warrants exercised	-	-	-	(108)	-	-	108	-
Total transactions with equity owners	164	138,041	-	1,830	-	-	108	140,143
Balance at 31 December 2021	468	139,581	33	1,905	414	6,571	52,838	201,810

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Currency translation reserve	Share based payment reserve	Accumulated surplus/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	294	25,252	178	-	(4,986)	20,738
Total comprehensive profit for the period:						
Profit for the period	-	-	-	-	1,442	1,442
Other comprehensive income	-	-	265	-	-	265
Total comprehensive income for the period	-	-	265		1,442	1,707
Transactions with equity owners:						
Shares to be issued	10	1,540	-	-	-	1,550
Cancellation of share premium	-	(25,252)	-	-	25,252	-
Share options/warrants charges	-	-	-	332	-	332
Share based payments lapsed/expired	-	-	-	(257)	257	-
Total transactions with equity owners	10	(23,712)	-	75	25,509	1,882
Balance at 30 December 2020	304	1,540	443	75	21,965	24,327

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share based payment reserve	Other comprehensive income of associates	Accumulated surplus/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	304	1,540	75	-	22,429	24,348
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(3,551)	(3,551)
Other comprehensive income	-	-	-	6,571	-	6,571
Total comprehensive income for the period	-	-	-	6,571	(3,551)	3,020
Transactions with equity owners:						
Gross share capital	164	150,977	-	-	-	151,141
Issue costs of share capital	-	(12,936)	-	-	-	(12,936)
Share based payments charge	-	-	1,938	-	-	1,938
Share options/warrants exercised	-	-	(108)	-	108	-
Total transactions with equity owners	164	138,041	1,830	-	108	140,143
Balance at 31 December 2021	468	139,581	1,905	6,571	18,986	167,511

	Share Capital	Share premium	Share based payment reserve	Accumulated surplus/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	294	25,252	-	(2,469)	23,077
Total comprehensive profit for the period:					
Loss for the period	-	-	-	(610)	(610)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(610)	(610)
Transactions with equity owners:					
Shares to be issued	9	1,540	-	-	1,550
Cancellation of share premium	-	(25,252)	-	25,252	-
Share options/warrants charges	-	-	332	-	332
Share based payments lapsed/expired	-	-	(257)	257	-
Total transactions with equity holders	9	(23,712)	75	25,509	1,882
Balance at 31 December 2020	303	1,540	75	22,429	24,348

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CASH FLOWS

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
	Note		
Cash flows from operating activities			
Profit before tax		39,271	1,442
Adjustments for:			
Depreciation/Amortisation	18, 19	11,511	6,027
Foreign exchange movements		589	271
Loss on disposal of tangible assets		-	66
Finance cost		2,142	157
Loss on sale of investment		629	-
Fair value change in digital assets through profit or loss	22	(1,628)	(2,342)
Impairment of intangible digital assets	18	535	-
Investment fair value movement	15	(183)	-
Share of loss from associate		1,198	-
Non-cash settlement of management fees	8	(1,561)	-
Revaluation of contingent consideration	26	(236)	-
Derecognition of contingent consideration		(352)	-
Share based payment expense	23	1,938	332
Working capital changes:			
(Increase)/decrease in trade and other receivables	21	(13,628)	(90)
Increase/(decrease) in trade and other payables	26	12,289	(2,107)
(Increase) in digital assets	22	(80,331)	(1,236)
Net cash (used in)/generated from operating activities		(27,817)	2, 520
Investing activities			
Investment at fair value through profit or loss	15	(220)	-
Acquisition of subsidiaries, net of cash acquired	17	(664)	-
Investment in associate	16	(7,353)	-
Foreign exchange on investing activities		-	48
Interest received		-	1
Proceeds from sale of investment	15	772	-
Purchase of tangible fixed assets	19	(78,972)	(1,808)
Proceeds from disposal of tangible fixed assets		-	704
Purchase of digital assets	22	(15,009)	-
Proceeds from sale of digital assets	22	11,308	-
Mining equipment prepayment		(47,426)	-
Net cash used in investing activities		(137,564)	(1,055)
Financing activities			
Increase/(decrease) in loans	27	22,239	(968)
Lease payments	28	(7,379)	-
Loan repayments	27	(1,196)	-
Interest paid		(122)	(157)
Proceeds from debt issue – net of issue costs	27	26,908	-
Proceeds from shares issued – net of issue costs	24	134,684	1,550
Net cash generated from/(used in) financing activities		175,133	425

ARGO BLOCKCHAIN PLC

Net increase in cash and cash equivalents	9,752	1,890
Cash and cash equivalents at beginning of period	2,051	161
Cash and cash equivalents at end of period	11,803	2,051

Material non-cash movements:

- During the year, the group assumed the mortgages on two properties from GPUone with a value of £5,720,000. Consideration of the acquisition was made from a forgiveness of prepayments made totalling £4,656,000.
- Additionally, the company used ordinary shares as payment to acquire DPN LLC, part of which was issued during the period amounting to £3,521,000, and a further £8,659,000 which is due to be paid in ordinary shares and included within liabilities.
- During the year, the group paid a total of 75,000 Polkadot, which had a value of £1,092,000, in respect of the acquisition of shares in Pluto Digital PLC.
- During the year, the Group reached a legal settlement regarding crypto mining management fees in which it received digital assets (BTC) of £1,561,000 for the forward value of those management fees and agreed to terminate the agreement going forward.
- Intangible assets (note 18) were acquired with other digital assets and as such £12,792,000 of purchases and sales were made in digital assets during the year.

Group - net debt table		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current loans and borrowings	27	(23,391)	-
Current lease liability	28	(7)	(3,470)
Non-current issued debt – bonds	27	(26,908)	-
Non-current loans and borrowings	27	(3,391)	-
Non-current liability	28	(370)	(3,910)
Cash and cash equivalents		11,803	2,051
Total net debt		(42,264)	(5,329)

The directors also consider their digital assets of £80,759,000 (2020 - £4,638,000) as a liquid holding and as such net funds/(debt) would be £65,403,000 (2020 – (£691,000)).

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CASH FLOWS

		Year ended 31 December 2021	Year ended 31 December 2020
	Note	£'000	£'000
Cash flows from operating activities			
Profit before tax		(3,551)	(610)
Adjustments for:			
Share of loss from associate		1,198	-
Foreign exchange movements		(409)	-
Share based payment expense		1,938	332
Working capital changes:			
(Increase)/decrease in trade and other receivables	21	(8,411)	(133)
Increase/(decrease) in trade and other payables	26	7,741	(21)
Net cash used in operating activities		(1,494)	(432)
Investing activities			
Purchase of investments	8	(7,353)	-
(Increase)/decrease in loan to subsidiary	13	(154,075)	298
Net cash (used in)/generated from investing activities		(161,428)	298
Financing activities			
Proceeds from debt issue – net of issue costs	18	26,908	
Proceeds from shares issued – net of issue costs		134,684	1,550
Net cash generated from financing activities		161,592	1,550
Net (decrease)/increase in cash and cash equivalents		(1,330)	1,416
Cash and cash equivalents at beginning of period		1,456	40
Cash and cash equivalents at end of period		126	1,456
Company - net (debt) / asset table		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Non-current loans and borrowings	27	(26,908)	-
Cash and cash equivalents		126	1,456
Total net (debt) / asset		(26,782)	1,456

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY INFORMATION

Argo Blockchain PLC ("the company") is a public company, limited by shares, and incorporated in England and Wales. The registered office is 9th Floor, 16th Great Queen Street, London, England, WC2B 5DG. The company was incorporated on 5 December 2017 as GoSun Blockchain Limited and changed its name to Argo Blockchain Limited on 21 December 2017. Also on 21 December 2017, the company re-registered as a public company, Argo Blockchain plc. Argo Blockchain plc acquired a 100% subsidiary, Argo Innovation Labs Inc. (together "the Group"), incorporated in Canada, on 12 January 2018.

On 4 March 2021 the Group acquired 100% of the share capital of DPN LLC and was merged into new US entity Argo Innovation Facilities (US) Inc (also 100% owned by Argo Blockchain plc)

On 11 May 2021 the Group acquired 100% of the share capital of 9377-2556 Quebec Inc and 9366-5230 Quebec Inc. These are held by Argo Innovation Labs Inc. (Canada).

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

The common shares of the Group are listed under the trading symbol ARB on the London Stock Exchange. The American Depositary Receipt of the Group are listed under the trading symbol ARBK on Nasdaq. The Group bond is listed on the Nasdaq Global Select Market under the trading symbol ARBKL

The financial statements cover the year ended 31 December 2021.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the measurement to fair value certain financial and digital assets and financial instruments as described in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand GBP. Argo Innovations Labs Inc., 9377-2556 Quebec Inc, and 9366-5230 Quebec Inc.'s functional currency is Canadian Dollars; Argo Innovation Facilities (US) Inc.'s functional currency is United States Dollars; all entries from these entities are presented in the Group's presentational currency of Sterling. Where the subsidiaries functional currency is different from the parent, the assets and liabilities presented are translated at the closing rate as at the Statement of Financial Position date. Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are disclosed in Note 6.

ARGO BLOCKCHAIN PLC

3. ACCOUNTING POLICIES

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

Going Concern

The preparation of consolidated financial statements requires an assessment on the validity of the going concern assumption. The Directors have reviewed cash flow projections for a period to 31 December 2023. The Group currently has an increasing level of revenues and margin as crypto prices have increased significantly at the end of the year and post the year end. In making their assessment of going concern, the Directors acknowledge that the Group has increasing cash reserves from the exercise of share options and warrants, two private placements and the IPO on Nasdaq during the year. Therefore, the directors confirm that they hold sufficient funds to ensure the Group continues to meet its obligations as they fall due for a period of at least one year from date of approval of these Financial Statements. In addition to cash reserves, the Group also holds £89m of Bitcoin at the year end.

As a crypto currency miner, and principally that of mining Bitcoin, the directors have considered the risk around the price of Bitcoin. The cost to mine each Bitcoin in 2021 was less than £6k and as such there can be a significant fall in Bitcoin price before the Group has a significant issue. Given our relatively low cost of power, we are better positioned than many of our competitors to survive a significant drop in Bitcoin price. In this scenario, our relative share of the global hashrate would increase and we would mine more Bitcoin. As such the directors have considered the sensitivity around BTC market price and have anticipated and modelled a significant fall in Bitcoin price still allowing the Group to mine at a profitable level.

As a result of our diversification into non mining activities, via Argo Labs we consider that we are diversifying and thereby reducing our risk profile as a Group. Since Argo Labs invests in other crypto currencies besides Bitcoin this diversification is at an operating level and a commodity level.

The directors have considered the period to 31 December 2023 as a reasonable time period given the variable outlook of cryptocurrencies. Please see the net debt tables under the cashflows for further information of the Groups exposure to liabilities and net position at the year end.

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. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

Revenue Recognition

Mined income: The Group recognised revenue during the period in relation to mined crypto. The Group enters into contracts with the mining pool. The performance obligation is identified to be the delivery of crypto into the Group's wallet once an algorithm has been solved. The transaction price is the fair value of crypto mined, being the fair value per the prevailing market rate for that crypto currency on the transaction date, and this is allocated to the number of crypto mined. These criteria for performance obligation are assessed to have occurred once the crypto has been received in the Group's wallet. Mining earnings are made up of the baseline block reward and transaction fees of between 5% to 10%, however, these are bundled together in the daily deposits from mining and therefore are not capable of being analysed separately.

Management fees: The Group recognised management fees on the services provided to third parties for management of mining machines on their behalf, ensuring the machines are optimised and mining as efficiently as possible. The performance obligation is identified as the services are performed, and thus revenue is recorded over time.

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

ARGO BLOCKCHAIN PLC

The group consists of Argo Blockchain plc and its wholly owned subsidiaries Argo Innovation Labs Inc, Argo Innovation Facilities (US) Inc, Argo Innovation Labs Inc., 9366-5230 and 9377-2556 and Argo Innovation Labs Limited, the latter remaining dormant. Argo Innovation Labs Limited has been dormant since incorporation.

In the parent company financial statements, investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Argo Blockchain plc and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. On the basis that Argo Innovation Labs Limited was dormant during the year and is immaterial to the Group, it was not included in these consolidated financial statements.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Business Combinations

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

ARGO BLOCKCHAIN PLC

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The directors consider that the Group has only one significant reporting segment being crypto mining which is fully earned by a Canadian subsidiary for the financial year ended 31 December 2021.

Loans and borrowings and issued debt

Loans and borrowings and issued debt are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings and issued debt are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method. Loans and borrowings and issued debt are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Loans and borrowings and issued debt are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the end of the reporting period.

Intangible assets

Intangible fixed assets comprise of the Group's website and digital assets that were not mined by the Group and are held by Argo Labs (our internal team) as investments. The Group's website is recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded within administration expenses. Digital assets recorded under IAS 38 have an indefinite useful life initially measured at cost, and subsequently measured at fair value.

Argo's primary business is focused on cryptocurrency mining, and it typically holds mined crypto assets on its balance sheet. Argo Labs is an in-house innovation arm focused on identifying opportunities within the disruptive and innovative sectors of the broader cryptocurrency ecosystem. Argo Labs uses a portion of Argo's crypto assets to deploy into various blockchain projects. Currently Argo allocates approximately 10% of its holdings to Argo Labs.

Increases in the carrying amount arising on revaluation of digital assets are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the fair value reserve directly in equity; all other decreases are charged to the income statement.

The fair value of intangible cryptocurrencies on hand at the end of the reporting period is calculated as the quantity of cryptocurrencies on hand multiplied by price quoted on www.coingecko.com, one of the leading crypto websites, as at the reporting date.

Costs relating to the development of website are capitalised once all the development phase recognition criteria of IAS 38 "Intangible Assets" are met. Amortisation is charged on a straight-line basis over the estimated useful life of 5 years. The useful life represents management's view of the expected period over which the Group will receive benefits from the Website, as well as anticipation of future events which may impact their useful life, such as changes in technology.

Goodwill is initially measured at cost (being the excess of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held of the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the difference is recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

ARGO BLOCKCHAIN PLC

Tangible fixed assets

Tangible fixed assets comprise of right of use, office equipment, mining and computer equipment, data centres, leasehold improvements and assets under construction.

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjust for any remeasurement of lease liabilities. The cost of the right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Office equipment assets are measured at cost, less any accumulated depreciation and impairment losses. Office equipment is depreciated over 3 years on a straight line basis.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of amortisation and any impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use. An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably

Data centres and assets under construction: Depreciation on the data centres and assets under construction is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives of 25 years on a straight-line basis from when they are brought into use. Depreciation is recorded in the Income Statement within general administrative expenses once the asset is brought into use. Any land component is not depreciated.

Mining and computer equipment and leasehold improvements: Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives of 3 years in the case of mining and computer equipment and 5 years in the case of the leasehold improvements, on a straight line basis. Depreciation is recorded in the Statement of Comprehensive Income within direct costs.

Management assesses the useful lives based on historical experience with similar assets as well as anticipation of future events which may impact their useful life.

Impairment of non-financial assets

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

Digital assets

Digital assets consist of mined bitcoin, and do not qualify for recognition as cash and cash equivalents or financial assets, and have an active market which provides pricing information on an ongoing basis.

The Group has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2, Inventories, in characterising its holding of Digital assets as inventory. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognised in profit or loss. Digital assets are initially measured at fair value. Subsequently, digital assets are measured at fair value with gains and losses recognised directly in profit or loss.

Digital assets are included in current assets as management intends to dispose of them within 12 months of the end of the reporting period. Digital assets are cryptocurrencies mined by the Group. Cryptocurrencies not mined by the Group are recorded as Intangible Assets (see note 18).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of

ARGO BLOCKCHAIN PLC

changes in value. The Group considers the credit risk on cash and cash equivalents to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies

Financial instruments

Financial assets: Financial assets are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Financial assets are subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Equity Instruments: The Group subsequently measures all equity investments at fair value.. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Financial assets at amortised cost (debt instruments): This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include other receivables and cash and cash equivalents.

Derecognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated Balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;

ARGO BLOCKCHAIN PLC

and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets: The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For the years ended 31 December 2021 and 2020 the Group has not recognised any ECLs.

For other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company has an Intercompany loan due from its 100% Canadian subsidiary for which there is no formal agreement including payment date and therefore it cannot be considered to be in breach of an agreement and accordingly the loan is not subject to adjustments and is maintained at its book value in the financial statements.

Financial liabilities: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement: The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings and trade and other payables: After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

ARGO BLOCKCHAIN PLC

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to trade and other payables.

Derecognition: A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss or other comprehensive income.

Equity instruments: Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Taxation

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

Current tax: The tax currently payable or receivable is based on taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ARGO BLOCKCHAIN PLC

Deferred tax: 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 balance sheet 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. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The group does not have any pension schemes.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and condition of equity settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

As a result of the increase in share price and the impact of the estimation of share-based payments the Group has now recognised an expense for the outstanding share options and warrants.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are determined in foreign currencies are retranslated at the rates prevailing on the reporting end date - Gains and losses arising on translation are included in the income statement for the period. At each reporting end date, non-monetary assets and liabilities that are determined in foreign currencies are retranslated at the rates prevailing on the opening balance sheet date. Gains and losses arising on translation of subsidiary undertakings are included in other comprehensive income and contained within the foreign currency translation reserve.

Earnings per share

Basic earnings per share is calculated by dividing:

ARGO BLOCKCHAIN PLC

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

4. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. Risk management is undertaken by the Board of Directors.

Market Risk

The Group is dependent on the state of the cryptocurrency market and general sentiment of crypto assets as a whole. During the year the Group managed the company's cryptocurrency through a carefully structured active management strategy for all Group held crypto assets. It is designed to protect the Company in the event that crypto prices decrease, but would also have the potential to provide an upside in a rising crypto asset market. Internally, the Argo team exchanged cryptocurrency to fiat currency via a third party digital currency exchange, Satstreet Inc (based in Toronto Canada). As a result of raising money through both debt and equity the Group has not sold a significant proportion of its Bitcoin holding during the year.

As a cryptocurrency miner, and principally that of mining Bitcoin, the Directors have considered the risk around the price of Bitcoin. The cost to mine each Bitcoin in 2021 was less than £6k; as such, there can be a significant fall in Bitcoin price before the Group has a significant issue. Given our relatively low cost of power, we are better positioned than many of our competitors to survive a significant drop in Bitcoin price. In this scenario, our relative share of the global hashrate would increase and we would mine more Bitcoin. As such the Directors have considered the sensitivity around BTC market price and have anticipated and modelled a significant fall in Bitcoin price still allowing the Group to mine at a profitable level.

As a result of our diversification into non mining activities via Argo Labs, we consider that we are diversifying and thereby reducing our risk profile as a Group. Since Argo Labs invests in other cryptocurrencies besides Bitcoin this diversification is at an operating level and a commodity level.

The Group is also subject to market fluctuations in foreign exchange rates. The subsidiary (Argo Innovation Labs Inc.) is based in Canada, and transacts in CAD\$, USD\$ and GBP. 9377-2556 Quebec Inc. and 9366-5230 Quebec Inc. are based in Canada and transact in CAD. Argo Innovations Facilities (US) Inc. is located in the United States of America and transacts in USD. The Group bond is denominated in USD. Cryptocurrency is primarily convertible into fiat through USD currency pairs and through USD denominated stable coins and is the primary method for the Group for conversion into cash. The Group monitors exchange rates on a constant basis and maintains bank accounts in all applicable currency denominations.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonable possible change in USD and CAD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

ARGO BLOCKCHAIN PLC

	Change in USD rate	Effect on profit before tax £'000	Effect on pre- tax equity £'000
2021	+/-10%	+/-250	+/-87
2020	+/-10%	-	-

	Change in CAD rate	Effect on profit before tax £'000	Effect on pre- tax equity £'000
2021	+/-10%	+/-1,611	+/-3,208
2020	+/-10%	+/-614	+/-122

Credit risk

Credit risk arises from cash and cash equivalents as well as any outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counterparty is subject to a limit, which is assessed by the Board.

The Group considers the credit risk on cash and cash equivalents to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. However, in the UK the banking sector is not currently favourable toward crypto based businesses and as such the Group has opened accounts with a number of Tier 2 banks in order to mitigate the risk of an account been deactivated or closed by the bank.

The Company considers the intercompany loan to its subsidiary (Argo Innovation Labs Inc.) to be fully recoverable through review of projected cash flows and acceptance of regular payments directly to the Company's creditors.

The carrying amount of financial assets recorded in the financial statements represent the Group's and Company's maximum exposure to credit risk. The Group and Company do not hold any collateral or other credit enhancements to cover this credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board updates cashflow projections on a regular basis and closely monitors the cryptocurrency market on a daily basis. Accordingly, the Group's controls over expenditure are carefully managed, in order to maintain its cash reserves. The Treasury committee meets on a weekly basis to make decisions around future cashflows and working capital requirements. Decisions may include considering debt/equity options alongside selling Bitcoin.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the Statement of Financial Position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2021				
Loans and borrowings	23,901	2,188	693	-
Lease liabilities	21	42	63	251
Issued debt	-	-	26,908	-
At December 2020				
Lease liabilities	3,470	3909	-	-

ARGO BLOCKCHAIN PLC

Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group has a very prudent view of using debt to finance future outflows and carefully monitors its EBITDA vs. debt, net assets vs. debt and market capitalisation vs. debt ratios. Please see the net debt tables below the cashflows and note 29 showing the fair value hierarchy of liabilities.

5. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group 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 2021. The adoption of these standards and amendments did not have any material impact on the financial result of position of the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretation, which have not yet been applied in these financial statements, were in issue but not yet effective:

Standard or Interpretation	Description	Effective date for annual accounting period beginning on or after
IAS 1	Amendments – Presentation and Classification of Liabilities as Current or Non-current	1 January 2023
IAS 16	Amendments - Property, Plant and Equipment	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
IAS 8	Amendments - Definition of Accounting Estimates	1 January 2023
IAS 1	Amendments – Disclosure of Accounting Policies	1 January 2023
IFRS 3	Amendments – Business Combinations – Conceptual Framework	1 January 2022
IFRS	Annual Improvements to IFRS Standards 2018-2020	1 January 2022

The Group has not early adopted any of the above standards and intends to adopt them when they become effective.

6. KEY JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Fair value of assets and liabilities acquired from GPUone – Note 17

The fair value of assets acquired was assessed in line with independent valuations provide by CBRE of the properties. Given the continued demand for power sites and data centres in the North of America, the Directors consider the

ARGO BLOCKCHAIN PLC

valuations to be prudent, however they are still in line with the fair value and consideration paid for the entities, primarily (as discussed above) for Argo to gain access to the low cost of power and direct control of management of the miners at those sites.

The land and buildings have been capitalised (and subsequently depreciated) at the value the independent valuers have given those properties. When modelling a cashflow on these properties and the benefit of owning versus being hosted at the properties the cashflow and profits support these valuations.

Valuation of cryptocurrencies – Note 22

During the year the directors assessed the treatment of both the Bitcoin it mines and the other cryptocurrency held for investment purposes (as part of the broader diversification into non-mining activities), deciding that the only digital assets it would carry and treat as inventories would be the cryptocurrency mined or held in the mined currency (Bitcoin). As such any other cryptocurrency is treated as an intangible assets, see note 18.

The Board regularly monitors the values of the cryptocurrencies and any market forecasts. During the period, the Group entered into crypto currency transactions, which were assessed for fair value in line with the requirements of IAS 2, Inventories. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognised in profit or loss. Revaluations were made with such regularity that as at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value. All revaluations were made with reference to level 1 information, being crypto currencies actively traded on the open market (www.coingecko.com). Although this is the website we predominantly refer due to the large population of cryptocurrencies it monitors, we regularly review this against other price websites and exchanges.

As at 31 December 2021 the Group held £80,759,000 of crypto currency (see note 22). Cryptocurrencies mined by the Group are classified as digital assets (See Note 22). Cryptocurrencies not mined by the Group are classified as intangible assets (see Note 18).

Tokens are valued at cost until they start vesting and reviewed for impairment. Crowd loans are valued at £nil given that no tokens have yet been received and/or have started vesting. It should be noted only immaterial amounts are invested in this form of assets.

Share-based payments – Note 23

During the year (and in previous years) share based payments were made based on the fees due to certain individuals for services to be performed by them in the future. In calculating these payments, where possible the Directors consulted with professional advisers to establish the market rate for these services. In addition to this, the company has also issued warrants and options to Directors and employees which have been valued in accordance with the Black Scholes model. Significant estimation and judgement is required by the directors when using the Black Scholes method. Further details of these estimates are available in note 23.

Contingent consideration – Note 26

An element of consideration relating to the asset acquisition of the Texas facility (Helios) is contingent on the fulfilment of future contractual milestones. On acquisition, estimates are made regarding the probability of fulfilment and expected timing. These estimates are reassessed at each reporting date and adjustments made to the liability where necessary. The carrying value of contingent consideration at 31 December 2021 was £8,071,000 (2020: £nil).

Valuation of tangible and intangible fixed assets – Notes 18 and 19

The directors considered at length whether any further impairments were required on the value of the mining and computer equipment, and website and underlying software. In doing so they made use of forecasts of revenues and expenditure prepared by the Group and came to the conclusion that further impairment of those assets were unnecessary based on current forecasts.

Fair value of assets acquired was assessed in line with independent valuations provide by CBRE of the sites. Given the continued demand for power sites and data centres in the North of America the Directors consider the valuations to be prudent, however they are still in line with the fair value and consideration paid for the entities, primarily (as discussed above) for Argo to gain access to the low cost of power and direct control of management of the miners at those sites.

ARGO BLOCKCHAIN PLC

During the year as the Group expanded into non-mining activities (Argo Labs) the assets held within Argo Labs are classified as intangible assets. Any impairment of these assets is reflected in the income statement and any increased in the fair value are reflected in the fair value reserve. Argo Labs is an in-house innovation arm focused on identifying opportunities within the disruptive and innovative sectors of the broader cryptocurrency ecosystem. Argo Labs uses a portion of Argo's crypto assets to deploy into various blockchain projects. Currently Argo allocates approximately 10% of its digital asset holdings to Argo Labs.

Valuation of investments in subsidiaries and amounts due from group companies – Note 21

The Board considered amounts due from group companies and whether any further impairments were required on their carrying value. When considering these amounts they made use of forecasts of the profitability of the subsidiary and of their revenues and expenditure and concluded that impairment of those assets were unnecessary based on current forecasts and performance during the first part of 2022.

The forecasts to support this were built using our existing internal models showing positive cash contribution and profitability of the subsidiaries and their future value to the Group as a whole. Both pre and post year end these models continue to show that the contribution to the Group is at least the carrying value of these investments and as such no impairment has been recognised.

Valuation of investments – Note 15

The Board has reviewed the carrying value of investments at the year end. They have taken into account the underlying investments and have concluded those investments do not require impairment.

WonderFi is listed on the Canadian NEO Exchange market and as such has been valued at its market price.

7. REVENUES

	Period ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Crypto currency mining - worldwide	70,325	18,947
Subscriber revenue - worldwide	-	10
Crypto currency management fees – United States	3,879	-
Total revenue	74,204	18,957

Due to the nature of Cryptocurrency mining, it is not possible to provide a geographical split of the revenue stream.

Cryptocurrency mining revenues are recognised at a point in time.

Cryptocurrency management fees are services recognised over time.

8. EXPENSES BY NATURE

	2021 £'000	2020 £'000
Direct Costs		
Depreciation of mining hardware	11,129	5,896
Hosting and other costs	11,057	11,210
Total direct costs	22,186	17,106

ARGO BLOCKCHAIN PLC

	2021 £'000	2020 £'000
Administrative expenses		
Salary and other employee related costs	2,662	461
Depreciation and amortisation	382	131
Legal, professional and regulatory fees	1,533	114
Consulting fees	684	690
Insurance	1,408	117
Public relations and associated activities	699	113
Travel and subsistence	128	46
Audit fees	239	135
Carbon credits	252	-
Hedging costs	326	-
Impairment of intangible assets	535	-
Repairs and maintenance	939	75
Settlement re Crypto mining management fees	(1,561)	-
Write off of variable contingent consideration	(352)	-
Research costs	-	20
Other expenses	424	265
Total administrative expenses	8,298	2,167

	2021 £'000	2020 £'000
Finance Costs		
Interest on loans and borrowings	2,142	151
Total finance costs	2,142	151

9. AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
In relation to statutory audit services	170	100
Other audit assurance services	52	35
Total auditor's remuneration	222	135

10. EMPLOYEES

The average monthly number of persons (including directors) employed by the group during the period was:

	2021 Number	2020 Number
Directors and employees	26	6

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	2,286	191
Social security costs	199	13
Pension costs	25	-
Share based payments	1,392	24
	3,902	228

ARGO BLOCKCHAIN PLC

The average monthly number of persons (including directors) employed by the company during the period was:

	2021 Number	2020 Number
Directors and employees	4	1

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	406	135
Social security costs	8	18
Pension costs	1	-
Share based payments	330	-
	745	153

11. DIRECTOR'S REMUNERATION

	2021 £'000	2020 £'000
Director's remuneration for qualifying services	856	532
Senior management loss of office	132	-
Share based payments	431	20
Total remuneration for directors and key management	1,419	552

The amounts above are remunerated through both salaries (of which, some are included in 10) and through service companies (as disclosed in note 31). Further details of Directors' remuneration are available in the Remuneration report. The highest paid director during the year was Peter Wall, earning £455k, (2020 - £251k)

12. 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.

The Group and Company has in issue 17,688,897 warrants and options at 31 December 2021 (2020 - 41,202,382).

	2021	2020
Net profit for the period attributable to ordinary equity holders from continuing operations (£'000)	30,765	1,442
Weighted average number of ordinary shares in issue ('000)	397,513	303,436
Basic earnings per share for continuing operations (pence)	7.7	0.5
Net profit for the period attributable to ordinary equity holders for continuing operations (£'000)	30,765	1,442
Diluted number of ordinary shares in issue ('000)	415,201	344,638
Diluted earnings per share for continuing operations (pence)	7.4	0.4

13. TAXATION

Current tax:	2021 £'000	2020 £'000
Current tax on profits for the year	7,679	-
Adjustments in respect of prior periods	-	-
Total current tax	7,679	-

ARGO BLOCKCHAIN PLC

Deferred tax:	2021 £'000	2020 £'000
Origination and reversal of temporary differences	827	-
Total deferred tax	827	-
Total tax charge	8,506	-

No deferred tax has been recognised on the losses brought forward on the UK and US losses given the uncertainty on the generation of future profits.

Income tax expense

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2021 £'000	2020 £'000
Profit before taxation	39,271	1,442
Expected tax charge based on a weighted average of 25% (2020 - 24%) (UK, US and Canada)	9,746	346
Effect of expenses not deductible in determining taxable profit	1,779	3
Capital allowances in excess of depreciation	(3,770)	(101)
Other tax adjustments	(137)	(703)
Other timing differences	(385)	-
Origination and reversal of temporary differences	827	-
Unutilised tax losses carried forward	445	455
Taxation charge in the financial statements	8,506	-

The group has tax losses available to be carried forward and used against trading profits arising in future periods of approximately £10,476,000 (2020 - £10,031,000).

No deferred tax asset has been recognised on the UK and US unutilised losses.

The weighted average applicable tax rate was 25% (2020: 24%). The increase is caused by a change in the profitability of the Group's subsidiaries in the respective countries.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows

Deferred tax liabilities	2021 £'000	2020 £'000
Fair value gains:		
Digital assets	286	-
Gain on fair value of property acquired (see note 17)	442	-
Share of other comprehensive income of associates	99	-
Total deferred tax	827	-

No deferred tax liability was recognised in the year ended 31 December 2020 as there were losses to offset such a gain.

ARGO BLOCKCHAIN PLC

Deferred tax liabilities	2021 £'000	2020 £'000
Current liabilities	286	-
Non-current liabilities	541	-
Total deferred tax	827	-

14. INVESTMENT IN SUBSIDIARIES

Company

Details of the Company's subsidiaries at 31 December 2021 and 31 December 2020 are as follows:

Name of Undertaking	Country of Incorporation	Ownership Interest (%)	Voting Power Held (%)	Nature of Business
Argo Innovation Labs Inc.	Canada	100%	100%	*
Argo Innovation Labs Limited	UK	100%	100%	Dormant
Argo Innovation Facilities (US) Inc.	USA	100%	100%	*
9377-2556 Quebec Inc.	Canada	100%	100%	**
9366-5230 Quebec Inc.	Canada	100%	100%	**

* The provision of cryptocurrency mining services

** The provision of cryptocurrency mining sites

Investment in subsidiaries	2021 £'000	2020 £'000
At 1 January	-	-
Additions	12,181	-
At 31 December	12,181	-

The cost of the investment above is in respect of the DPN LLC acquisition further detail can be found in note 19.

The Company's interest in Argo innovation Labs Inc. was acquired on incorporation of the company, previously named Argo Blockchain Canada Holdings Inc., on 12 January 2019.

The registered office of Argo Blockchain Canada Holdings Inc. is 700-401 West Georgia Street, Vancouver, BC V6B 5A1 Canada. On 8 January 202 Argo Blockchain Canada Holdings Inc.'s name was changed to Argo Innovation Labs Inc..

On 1 September 2019 the Company acquired 100% of Argo Mining Limited for £1 (one). The registered office is 9th Floor 16 Great Queen Street, London, England, WC2B 5DG. On 14 January 2020 Argo Mining Limited changed its name to Argo Innovation Labs Limited. This company was dormant in the years ended 31 December 2020 and 2021.

Argo innovation Facilities (US) Inc was incorporated on 25 February 2021 with a registered address of 2028 East Ben White Blvd. Austin, TX 78740.

9377-2556 Quebec Inc. and 9366-5230 Quebec Inc. are the GPUone subsidiaries acquired on 11 May 2021 with registered addresses of 8 avenue William Dobell, Baie-Comeau, Quebec G4Z 1T7 and 10205 Irene Vachon, Mirabel, Quebec J7N 3E3 respectively. More information on this acquisition can be found in note 17.

ARGO BLOCKCHAIN PLC

15. INVESTMENTS AT FAIR VALUE THROUGH INCOME OR LOSS

Non-current Group	2021 £'000	2020 £'000
At 1 January	1,393	58
Additions	219	1,336
Foreign exchange movement	-	(1)
Fair value through profit or loss	183	-
Disposals	(1,392)	-
At 31 December	403	1,393

Non-current investments include:

GPUone Holding Inc.

As part of the disposition of GPUone Holdings Inc on 20 August 2021 Argo disposed of 100% of its holding for a total consideration of £764,000, of which £128,000 was received post year end once the final total assets were calculated. This resulted in a loss on sale of investment of £629,000.

Luxor Technology Corporation

On 7 December 2020 the Group entered into an agreement to acquire £73,427 (USD\$100,000) of shares in Luxor Technology Corporation. On 7 May 2021, following a second round of funding which the Group did not participate in, this prepayment became an investment representing less than 1% of the Series A-1 Preferred Stock and voting rights.

WonderFi Technologies Inc.

On 3 June 2021 the Group invested £145,933 (CDN\$250,000) of WonderFi Technologies Inc. equating to 250,000 ordinary shares (formerly DeFi Ventures Inc.) an investment representing less than 1% of the Ordinary shares and voting rights. As at 31 December 2021 the investment was revalued to the year end share price of CAD 2.25 per share, resulting in a £183,000 fair value adjustment.

Non-current Company	2021 £'000	2020 £'000
At 1 January	-	-
Additions	73	-
At 31 December	73	-

Non-current investments include:

Luxor Technology Corporation as described above.

ARGO BLOCKCHAIN PLC

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December 2021	As at 31 December 2020
	£000's	£000s
Opening balance	-	-
Acquired during the period	8,444	-
Share of loss	(1,198)	-
Share of fair value gains on intangible assets through other comprehensive income	6,571	-
Closing balance	13,817	-

Set out below are the associates of the Group as at 31 December 2021, which, in the opinion of the Directors, significant influence is held. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in associates:

Name of entity	Address of the registered office	% of ownership interest	Nature of relationship	Measurement method
Pluto Digital PLC	Hill Dickinson LLP, 8th Floor The Broadgate Tower, 20 Primrose Street, London, United Kingdom, EC2A 2EW	24.65%	Refer below	Equity

On 3 February 2021 Argo invested in Pluto Digital PLC ("Pluto"), a crypto venture capital and technology company. The investment was satisfied with 75,000 Polkadot with a fair value at that date of £1,091,850. Further to this in a second round of funding the Group invested an additional £7,352,970 on 8 March 2021. In addition the Argo holds 121,666,666 warrants as a price of £0.12 each and 35,450,000 warrants at a price of £0.06 each. If Pluto was fully diluted Argo's ownership would be 33.26% as at 31 December 2021 including the exercise of the share warrants.

Argo owns 24.65% of the total share capital and voting rights of the business and is entitled to nominate one director to the Pluto Board of Directors.

Pluto is a crypto technology company that connects Web 3.0 decentralised technologies to the global economy. Pluto identifies key emerging areas and projects in the crypto sphere, then deploys its business, networks and technical expertise to create value for crypto partners, projects and Pluto shareholders.

Pluto incubates and advises digital asset projects based on decentralised technologies, decentralised finance and networks such as Ethereum and Polkadot. Additionally, Pluto supports the operation of proof-of-stake networks by staking and operating validator nodes. Pluto represents a strategic partnership for the Group as it diversifies its activities in the crypto space.

Pluto Digital PLC is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

The audited financial information for the period ended 30 September 2021 and the unaudited management accounts for the period from 1 October 2021 to 31 December 2021 have been made available by Pluto to the Group and the figures in the above represent Argo's share of the loss and gain on the fair value of the intangible assets (net of deferred tax).

ARGO BLOCKCHAIN PLC

Summarised financial information for associates

Set out below is the summarised financial information for Pluto Digital plc which is accounted for using the equity method.

Summarised Statement of Financial Position

	Pluto Digital plc As at 31 December 2021 £000's
Current	
Cash and cash equivalents	1,759
Other current assets (excluding cash)	335
Total current assets	2,094
Trade payables	88
Other current liabilities (excluding trade payables)	1,494
Total current liabilities	1,582
Non-current	
Tangible fixed assets	49
Investments and other non-current assets	56,000
Total non-current assets	56,049
Financial liabilities	2,807
Total non-current liabilities	2,807
Net assets	53,754

Pluto was incorporated in 2021, therefore, no comparatives are available.

Summarised Statement of Comprehensive Income, Pluto Digital plc

	January 12 – December 31, 2021 £000's
Operating costs and expense	(7,652)
Realised gains – digital assets	2,394
Loss from continuing operations	(5,258)
Income tax expense	575
Post-tax loss from continuing operations	(4,867)
Other comprehensive income	26,991
Total comprehensive income	21,824

The information above reflects the amounts presented in the financial statements of the associate (and not Argo Blockchain Plc's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

ARGO BLOCKCHAIN PLC

Reconciliation of summarised financial information

	2021 £000's
Summarised financial information	
Net assets at acquisition	34,228
Profit/(loss) for the period	(4,867)
Other comprehensive income	26,691
Foreign exchange differences	-
Closing net assets	56,052
Interest in associates (24.65%; 0%)	13,817
Goodwill	-
Carrying value	13,817

17. BUSINESS COMBINATION

GPUone subsidiaries acquired from GPUone Holding Inc.

On 11 May 2021, the Group acquired 100% of the share capital of GPUone 9377-2556 and GPUone 9366-5230 from its shareholder GPUone Holding Inc. for a total consideration of £5,537,012; consisting of £212,936 being satisfied in cash and the balance satisfied by the cancellation of certain prepayments and deposits previously paid by Argo to the vendor. Each of these acquired entities owned and operated a data centre within which Argo was the lead tenant.

The acquisition was performed to enable the Group to obtain control of its hosting facility and power costs across its facilities in Canada. From acquisition on 11 May 2021 to 31 December 2021 the GPUone subsidiaries loss amounted to £3,369,213 which is fully consolidated. No revenue has been generated from these entities since acquisition, however both entities have provided hosting services to Argo Innovation Labs Inc. Both GPUone entities were dormant up until the date of acquisition, when the relevant assets and liabilities acquired were transferred by GPUone Holding Inc. to these entities immediately prior to acquisition. There is no difference between the amount consolidated within profit and loss and the amount which would have been consolidated if the acquisition happened on 1 January 2021.

The consideration was negotiated on an arm's length basis and primarily on the basis of the valuation of the land and buildings being acquired. The directors attribute the consideration as fair value of the land and buildings with no goodwill being recognised as currently Argo does not anticipate hosting any third parties at these sites in the medium term.

The fair values of the acquisition date assets and liabilities, together with any separately identifiable intangible assets, have been provisionally determined at 30 September 2021 because the acquisition was completed late in the period. The Group is currently obtaining the information necessary to finalise its valuation.

On a £1 for £1 basis certain deposits and other receivables totalling £668,179 were acquired. The directors consider these amounts fully recoverable and as such these receivables have not been impaired. Liabilities assumed are incorporated at their cost.

The following table summarises the consideration paid for the GPUone subsidiaries and the fair value of assets acquired and liabilities assumed at the acquisition date:

Consideration

	£'000
Cash	213
Payment for deposits	668
Cancellation of prepayment and deposits	4,656
Total consideration	5,537

ARGO BLOCKCHAIN PLC

Recognised amounts of identifiable assets acquired, and liabilities assumed

	£'000
Cash and cash equivalents	4
Property, plant and equipment (Note 11)	10,779
Trade and other receivables	387
Trade and other payables	(326)
Property mortgages	(5,010)
Lease liability	(377)
Goodwill	80
Total	5,537

Fair value of assets acquired was assessed in line with independent valuations provided by CBRE of the sites. Given the continued demand for power sites and data centres in North America the Directors consider the valuations to be prudent, however they are still in line with the fair value and consideration paid for the entities, primarily (as discussed above) for Argo to gain access to the low cost of power and direct control of management of the miners at those sites. No acquisition costs have been recognised in the above calculations.

18. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Digital assets £'000	Website £'000	2021 Total £'000	2020 Website £'000
Cost					
At 1 January 2020	-	-	671	671	671
Additions	80	18,216	-	18,296	-
Disposals	-	(12,792)	-	(12,792)	-
At 31 December 2021	80	5,424	671	6,175	671
Amortisation and impairment					
At 1 January 2020	-	-	303	303	190
Foreign exchange movement	-	-	9	9	-
Impairment	-	535	-	535	-
Fair value gain	-	(414)	-	(414)	-
Amortisation charged during the period	-	-	138	138	113
At 31 December 2021	-	121	450	571	303
Balance At 31 December 2021	80	5,303	221	5,604	368

Digital assets are cryptocurrencies not mined by the Group. The Group held crypto assets during the year, which are recorded at cost 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, impairment of the intangible assets and any increase in fair value are recorded in the fair value reserve.

The digital assets held below are held in Argo Labs (a division of the Group) as discussed above. The assets are all held in secure custodian wallets controlled by the Group team and not by individuals within the Argo Labs team.

The assets detailed below are all accessible and liquid in nature. Those assets (immaterial in total) held longer term are inaccessible have been valued either at cost or £nil depending upon the information available as at the year end.

ARGO BLOCKCHAIN PLC

As at 31 December 2021

Crypto asset name	Coins/tokens	Fair value £000
Polkadot – DOT	71,303	1,527
Ethereum - ETH	558	1,415
Cosmos Hub – ATOM	31,789	601
Solana - SOL	6,249	579
USDC (stable coin – fixed to USD)	274,110	203
Alternative coins	-	978
At 31 December 2021		5,303

ARGO BLOCKCHAIN PLC

19. TANGIBLE FIXED ASSETS

Group	Right of use Assets £'000	Office Equipment £'000	Mining and Computer Equipment £'000	Assets Under Construction £'000	Leasehold Improvements £'000	Data centres £'000	Total £'000
Cost							
At 1 January 2021	7,379		17,865	-	85	-	25,329
Foreign exchange movement	-	-	(62)	-	-	-	(62)
Acquisition through business combination	358	-	-	12,180	-	10,466	23,004
Additions	-	49	33,317	49,126	-	-	82,492
Transfer to another class	(7,379)	-	7,379	-	-	-	-
At 31 December 2021	358	49	58,499	61,306	85	10,466	130,763
Depreciation and impairment							
At 1 January 2021	-	-	7,443	-	48	-	7,491
Foreign exchange movement	-	-	(65)	-	-	-	(65)
Depreciation charged during the period	3,281	-	7,856	-	17	229	11,383
Transfer to another class	(3,273)	-	3,273	-	-	-	-
At 30 December 2021	8	-	18,507	-	65	229	18,810
Carrying amount							
At 1 January 2021	7,379		10,487	-	-	-	17,904
At 31 December 2021	350	49	39,992	61,306	20	10,237	111,954

ARGO BLOCKCHAIN PLC

No depreciation has been charged on the Texas land and buildings additions, which are included within assets under construction, as they are yet to come into use. On 8 March 2021 the Group completed the acquisition of DPN LLC to acquire 160 acres (with option to purchase a further 157 acres) of land in West Texas. The Group used ordinary shares as payment to acquire DPN LLC, part of which was issued during the period amounting to £3,520,844, and a further £8,658,851 which is due to be paid in ordinary shares and included within liabilities.

One of the data centres acquired through the GPUone acquisition owns a building on long term leasehold land (expiring in July 2072). Details of the outstanding lease liability can be found in note 28.

As per note 17 the directors have obtained independent valuations of both the Texas land and data centres all of which supports the carrying value of those assets. CBRE Limited performed the valuations for the Mirabel building and Baie-Comeau property using the income method.

Group	Right of use Assets £'000	Mining and Computer Equipment £'000	Data centres including improvement £'000	Total £'000
Cost				
At 1 January 2020	-	17,833	85	17,918
Foreign exchange movement	-	(136)	-	(136)
Additions	7,379	1,808	-	9,187
Disposals	-	(1,640)	-	(1,640)
At 31 December 2020	7,379	17,865	85	25,329
Depreciation and impairment				
At 1 January 2020	-	2,488	31	2,519
Foreign exchange movement	-	15	-	15
Depreciation charged during the period	-	5,896	17	5,913
Depreciation on Disposals	-	(1,021)	-	(1,021)
At 31 December 2020	-	7,377	48	7,425
Carrying amount				
At 1 January 2020	-	15,345	54	15,399
At 31 December 2020	7,379	10,487	37	17,904

All property, plant and equipment is owned by the subsidiary, Argo Innovation Labs Inc.. During the year, the lease for the right of use assets was settle by purchasing the mining equipment. Book balances were transferred to mining and computer equipment.

Acquisition of DPN LLC

On 8 March 2021 the Group completed the acquisition of DPN LLC to acquire 160 acres (with option to purchase a further 157 acres) of land in West Texas for the construction of a 200MW mining facility for completion mid-2022.

The acquisition of DPN LLC, effectively comprising the land acquisition in West Texas, has been treated as an asset acquisition in the financial statements. The consideration for the acquisition was an initial price of GBP 3.6m, satisfied by the issue and allotment to the shareholders of DPN LLC of 3,497,817 new ordinary shares in Argo, with up to a further 8.6m of shares payable if certain contractual milestones related to the facility are fulfilled.

Initial issue and allotment of GBP 3.6m has been recognised based on estimated fair value of assets received at acquisition in line with IFRS 2 Share based payments. Contingent consideration balance of this business

ARGO BLOCKCHAIN PLC

combination has been subsequently measured at fair value with changes recognised in profit and loss in line with IFRS 9. Fair value of assets acquired was assessed in line with independent valuations of site by CBRE as well as external financial due diligence and financial modelling. Financial models used historical power purchase assumptions for the area and the Company's internal hash rate and Bitcoin pricing assumptions to help the Company evaluate the financial benefits of developing a Bitcoin mining operation on the land. Work performed by DPN LLC did from August 2019, when it purchased the land, to March 2021, when it sold the land to the Company, to prepare for a Bitcoin mining operation added to the value of the land for that purpose.

Consideration at 8 March 2021

	£'000
Share based payment	3,521
Contingent consideration to be settled in shares	8,659
Total	12,180

Allocated as follows

	£'000
Tangible fixed assets (Asset under construction)	12,180
Total	12,180

20. OTHER RECEIVABLES (NON-CURRENT)

	As at 31 December 2021	As at 31 December 2020
	£'000	£'000
Deposits		
Brought forward	4,115	4,151
Exchange movement	-	(36)
Cancelled on acquisition of GPUone subsidiaries	(4,115)	-
Total carrying amount of other receivables	-	4,115

On this deposit was used as part of the acquisition of the GPUone Holding Inc subsidiaries detailed in note 17.

21. TRADE AND OTHER RECEIVABLES / INTERCOMPANY

	Group 2021	Company 2021	Group 2020	Company 2020
	£'000	£'000	£'000	£'000
Prepayments and other receivables	13,194	8,008	812	108
Mining equipment prepayments	47,426	-	-	-
Other taxation and social security	2,739	590	1,364	78
Total trade and other receivables	63,359	8,598	2,176	186

Mining equipment prepayments consist of payments made and due on mining equipment due to arrive by the end of 2021. Payments to ePIC ASIC Asia Limited ("ePIC") comprise £3,430k, True North £2,366k and the balance of £41,630k was paid to Bitmain in advance of machine purchases to be received after the period end.

In February 2021, the Group entered into an agreement with ePIC (a designer and manufacturer of mining machines), which gave the Group priority access to next generation mining machines on a non-exclusive basis. As part of the agreement, the Group will assist in the development and testing of future products and will provide space and capacity at our Mirabel facility for ePIC's research and innovation engineering teams to assist in the development of future mining machines. In August 2021, based on limitations of technology, Argo and ePIC agreed to amend their

ARGO BLOCKCHAIN PLC

agreement. Under the amended agreement, the initial purchase order was cancelled and, at Argo's option, the \$5 million deposited with ePIC, in whole or in part, can be applied to the purchase of ePIC mining machines or ePIC common stock or repaid in full.

Other taxation and social security consist of purchase tax recoverable in the UK and Canada. GST and QST debtors are greater than 90 days as at 31 December 2021.

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

COMPANY - INTERCOMPANY

	Company 2021 £'000	Company 2020 £'000
Amounts due from group companies	175,859	22,876

Funds advanced to group companies were used for operating expenses, settle debt and purchase tangible and intangible assets. There are no terms of repayment. The amounts due are non-interest bearing.

22. DIGITAL ASSETS

The Group mined crypto assets during the period, 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 profit or loss. The Group had used 1,504 Bitcoin as collateral for a loan see note 27, at that point the loan collateral was in excess of the requirements under the loan agreement.

During the year, as a result of the launch of its non-mining activities all of the Group's holding in crypto currencies other than Bitcoin are now classified as intangible assets.

At the period end, the Group held Bitcoin representing a fair value of £80,759k. The breakdown of which can be seen below:

Group	2021 £'000	2020 £'000
At 1 January	4,637	1,041
Additions		
Crypto assets purchased and received	16,569	9,897
Crypto assets mined	70,325	18,948
Total additions	86,894	28,845
Disposals		
Crypto assets sold	(12,400)	(27,318)
Total disposals	(12,400)	(27,318)
Fair value movements		
Gain/(loss) on crypto asset sales	437	(14)
Movements on crypto assets held at the year end	1,191	2,083
Total fair value movements	1,628	2,069
At 31 December	80,759	4,637
Carrying value of digital assets pledged as collateral	49,759	-

ARGO BLOCKCHAIN PLC

The Group mined crypto assets during the period, 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 profit or loss. The Group has used 1,504 Bitcoin as collateral for a loan - see note 27.

As at 31 December 2021 the above digital assets solely comprised 2,441 Bitcoin.

As at 31 December 2020 (audited)		
Crypto asset name	Coins/tokens	Fair value £000
Bitcoin - BTC	183	3,930
Polkadot – DOT	75,000	515
Ethereum - ETH	254	138
Binance Coin - BNB	1,243	34
USDT,USDC & Tether (stable coin – fixed to USD)	26,509	19
Alternative coins	-	1
At 31 December 2020		4,637

23. SHARE OPTIONS AND WARRANTS

The following options and warrants over Ordinary Shares have been granted by the company and are outstanding:

Options/ Warrants	Grant Date	Expiry date	Exercise Price	Number of options/warrants outstanding 2021 '000	Number of options/warrants exercisable 2021 '000
Warrants	15 January 2021	15 January 2031	£1.25	240	240
Warrants	19 April 2021	19 March 2024	£1.35	224	149
Warrants	19 January 2021	18 January 2026	£0.87	110	110
Warrants	17 June 2021	1 March 2024	£1.50	22	22
Options	25 July 2018	25 July 2024	£0.16	1,000	1,000
Options	17 July 2019	16 July 2024	£0.16	537	357
Options	5 February 2020	4 February 2030	£0.07	2,254	1,937
Options	5 February 2020	4 February 2030	£0.07	3,700	3,463
Options	3 February 2021	2 February 2031	£0.94	232	106
Options	27 June 2021	26 June 2031	£1.35	500	83
Options	24 June 2021	23 June 2031	£1.26	1,000	167
Options	1 July 2021	30 June 2031	£1.16	500	83
Options	13 July 2021	12 July 2031	£1.00	1,000	167
Options	22 September 2021	22 September 2031	£1.57	5,000	479
Options	17 December 2021	16 December 2031	£0.86	870	12
Options	23 November 2021	23 November 2031	£1.30	500	14
				17,689	8,389

	Number of options and warrants '000	Weighted average exercise price £
At 1 January 2021	42,202	0.13
Granted	10,698	1.63
Exercised	(34,351)	0.12
Lapsed	(860)	0.95
Outstanding at 31 December 2021	17,689	0.81
Exercisable at 31 December 2021	7,596	0.26

ARGO BLOCKCHAIN PLC

	Number of options and warrants '000	Weighted average exercise price £
At 1 January 2020	45,037	0.14
Granted	11,400	0.07
Exercised	(9,686)	0.16
Lapsed	(5,549)	0.16
Outstanding at 31 December 2020	41,202	0.13
Exercisable at 31 December 2020	34,439	0.13

The weighted average remaining contractual life of options and warrants as at 31 December 2021 is 102 months (2020 -29 months). If the exercisable shares had been exercised on 31 December 2021 this would have represented 2% (2020 – 11%) of the enlarged share capital.

At the grant date, the fair value of the options and warrants prior to the listing date was the net asset value and post listing determined using the Black-Scholes option pricing model. Volatility was calculated based on data from comparable listed technology start-up companies, with an appropriate discount applied due to being an unlisted entity at grant date. Risk free interest has been based on UK Government Gilt rates for an equivalent term.

Grant date	Grant date share price	Exercise price	Volatility	Life	Risk Free interest rate %	Marketability discount
25 July 2018	0.08	0.16	40%	6 years	0.01	75%
17 July 2019	0.09	0.16	40%	6 years	0.01	90%
5 February 2020	0.07	0.07	40%	6 years	0.01	0%
15 January 2021	1.07	1.25	112%	10 years	0.01	0%
19 January 2021	0.94	0.87	112%	5 years	0.01	0%
3 February 2021	0.94	0.94	112%	10 years	0.01	0%
19 April 2021	1.35	1.35	112%	3 years	0.01	0%
17 June 2021	1.35	1.50	112%	3 years	0.01	0%
24 June 2021	1.26	1.26	112%	10 years	0.01	0%
27 June 2021	1.35	1.35	112%	10 years	0.01	0%
1 July 2021	1.23	1.16	112%	10 years	0.01	0%
13 July 2021	1.00	1.00	112%	10 years	0.01	0%
22 September 2021	1.57	1.57	112%	10 years	0.01	0%
23 November 2021	1.30	1.30	112%	10 years	0.01	0%

ARGO BLOCKCHAIN PLC

24. ORDINARY SHARES

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Ordinary share capital		
<i>Issued and fully paid</i>		
303,435,997 Ordinary Shares of £0.001 each	303	294
<i>Issued in the period</i>		
164,646,338 Ordinary Shares of £0.001 each	165	-
<i>Fully paid not yet issued</i>		
Ordinary Shares of £0.001 each	-	9
468,082,335 Ordinary Shares of £0.001 each	468	303
Share premium		
At beginning of the period	1,540	25,252
Cancelled during the period	-	(25,252)
Issued in the period	150,977	-
Issue costs	(12,936)	-
Fully paid not yet issued	-	1,540
At the end of period	139,581	1,540

25. RESERVES

The following describes the nature and purpose of each reserve:

Reserve	Description
Ordinary Shares	Represents the nominal value of equity shares
Share Premium	Amount subscribed for share capital in excess of nominal value
Share based payment reserve	Represents the fair value of options and warrants granted less amounts transferred on exercise, lapse or expiry
Currency translation reserve	Cumulative effects of translation of opening balances on non-monetary assets between subsidiaries functional currencies (Canadian dollars and US Dollars) and Group presentational currency (Sterling).
Fair value reserve	Cumulative net gains on the fair value of intangible assets
Other comprehensive income of equity accounted associates	The other comprehensive income of any associates is recognised in this reserve
Accumulated surplus	Cumulative net gains and losses and other transactions with equity holders not recognised elsewhere.

ARGO BLOCKCHAIN PLC

26. TRADE AND OTHER PAYABLES

	Group 2021	Company 2021	Group 2020	Company 2020
	£'000	£'000	£'000	£'000
Trade payables	10,259	8,023	548	10
Accruals and other payables	4,986	141	271	159
Short term loans	-	-	116	-
Other taxation and social security	-	-	1	1
Total trade and other creditors	15,245	8,164	936	170

Within trade payables is £7,193,611 (2020: £nil) for amounts due for mining equipment not yet received.

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

Contingent consideration

As part of the acquisition of DPN LLC up to a further 8.6m of shares being payable if certain contractual milestones related to the facility are fulfilled (see note 19).

The amount payable as contingent consideration is payable in shares and as such is revalued as at the balance sheet date and any gain or loss is recognised in profit or loss, which for the year ended 31 December 2021 amounted to £236,000.

If any of the milestones are not achieved then that element of contingent consideration is recognised in profit or loss. The amount derecognised and recorded as a gain during the year ended 31 December 2021 amounted to £352,000.

27. LOANS AND BORROWINGS

Non-current liabilities	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Issued debt - bond	26,908	-
Assumed mortgage on acquisition	3,391	-
Total	30,299	-
Current liabilities		
Short term loan	22,239	-
Assumed mortgage on acquisition	1,152	-
Total	23,391	-

The mortgages are secured against the two buildings at Mirabel and Baie Comeau are repayable over periods from 15 months to 60 months at interest rates of between 3% and 5% respectively.

On 23 December 2021 the Group entered into a loan agreement with Galaxy Digital LP for a loan of USD\$30 million (£22.2m). The proceeds of the loan will be used, in conjunction with funds raised previously, to continue the build-out the Texas data centre, Helios. The short-term loan is a Bitcoin collateralised loan with an interest rate of 8% per annum. The loan is payable on demand.

In November 2021, the Group issued an unsecured 5 year bond with an interest rate of 8.75%. The directors do not consider that there is any variance between the fair value of the borrowings and the carrying amount. The bonds will mature on 30 November 2026. The bonds may be redeemed for cash in whole or in part at any time at the Group's option (i) on or after 30 November 2023 and prior to 30 November 2024, at a price equal to 102% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption, (ii) on or after 30 November 30 and prior to 30 November 2025, at a price equal to 101% of their principal amount, plus accrued and unpaid interest

ARGO BLOCKCHAIN PLC

to, but excluding, the date of redemption, and (iii) on or after November 30, 2025 and prior to maturity, at a price equal to 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption.

The Group may redeem the bonds, in whole, but not in part, at any time at its option, at a redemption price equal to 100.5% of the principal amount plus accrued and unpaid interest to, but not including, the date of redemption, upon the occurrence of certain change of control events. The bond is listed on the Nasdaq Global Select Market under the symbol ARBKL.

28. LEASE LIABILITIES

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Lease liability – current	7	3,470
Lease liability – non current	370	3,910

During the year as part of the acquisition of the GPUone subsidiaries (see note 17) the company acquired a lease on the land of one of the data centres. This is a long term lease expiring in 2072 at an interest rate of 5.5% with limited conditions, which in the opinion of the directors will be met. The material condition of this lease is that CAD 1.5m will be spent on the buildings to maintain upkeep during the lease period.

In late 2020, the Company entered into a lease agreement with Celsius Network for mining hardware at an interest rate of 12% per annum. In December 2021, the Company settled the outstanding amount of the lease.

During the year £114k of interest was paid in respect of the assumed mortgages and £8k was paid in respect of the land lease liability.

29. FINANCIAL INSTRUMENTS

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Carrying amount of financial assets				
Measured at amortised cost				
- Mining equipment prepayments	47,426	-	-	-
- Trade and other receivables	13,194	183,867	145	22,949
- Cash and cash equivalents	11,803	126	2,051	1,456
Measured at fair value through profit or loss	403	73	1,393	-
Total carrying amount of financial assets	72,826	184,066	3,589	24,405
Carrying amount of financial liabilities				
Measured at amortised cost				
- Trade and other payables	10,259	8,163	548	10
- Short term loans	23,391	-	116	-
- Long term loans	3,391	-	-	-
- Issued debt – bonds	26,908	26,908	-	-
- Lease liabilities	377	-	7,409	-
Measured at fair value				
- Fair value of contingent consideration	8,071	8,071	-	-
Total carrying amount of financial liabilities	72,397	43,142	8,073	10

ARGO BLOCKCHAIN PLC

Fair Value Estimation

Fair value measurements are disclosed according to the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). This is the case for unlisted equity securities.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021 and 31 December 2020.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial assets at fair value through profit or loss				
- Equity holdings	329	-	73	402
- Digital assets	-	80,759	-	80,759
Total at 31 December 2021	329	80,759	73	81,161
Liabilities				
Financial liabilities at fair value through profit or loss				
- Deferred contingent consideration	-	-	8,071	8,071
Total at 31 December 2021	-	-	8,071	8,071

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial assets at fair value through profit or loss				
Equity holdings	-	-	1,393	1,393
Digital assets	-	4,637	-	4,637
Total at 30 December 2020	-	4,637	1,393	6,030

All financial assets are in listed and unlisted securities and digital assets.

There were no transfers between levels during the period.

The Group recognises the fair value of financial assets at fair value through profit or loss relating to unlisted investments at the cost of investment unless:

- There has been a specific change in the circumstances which, in the Group's opinion, has permanently impaired the value of the financial asset. The asset will be written down to the impaired value;
- There has been a significant change in the performance of the investee compared with budgets, plans or milestones;
- There has been a change in expectation that the investee's technical product milestones will be achieved or a change in the economic environment in which the investee operates;
- There has been an equity transaction, subsequent to the Group's investment, which crystallises a valuation for the financial asset which is different to the valuation at which the Group invested. The asset's value will be adjusted to reflect this revised valuation; or
- An independently prepared valuation report exists for the investee within close proximity to the reporting date.
- The deferred consideration has been fair valued to the year end date as the amount is to be paid in Argo shares.

ARGO BLOCKCHAIN PLC

30. COMMITMENTS

The Group's material contractual commitments relate to the master services agreement with Core Scientific, which provides hosting, power and support services. Whilst management do not envisage terminating agreements 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.

Capital expenditure contracted for at the year end of the reporting period but not recognised as liabilities, relating to the Texas assets in the course of construction, amounted to £9,639,000.

31. 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 from Argo Innovation Labs Inc., amounting to: £36,769 paid to POMA Enterprises Limited in respect of fees of Matthew Shaw (Non-executive director); £442,808 due to Vernon Blockchain Inc in respect of fees of Peter Wall (CEO), of which £123,711 was outstanding at the year end.

From Argo Blockchain PLC, Alex Appleton (CFO) through Appleton Business Advisors Limited was due £215,844 during the year, a bonus of £92,515 was outstanding at the year end. Ian MacLeod (Chairman) through Tenuous Holdings was paid £209,100, this was all paid as at the year end.

Pluto Digital PLC

On 3 February 2021 Argo invested in Pluto Digital PLC, a crypto venture capital and technology company. The investment was satisfied with 75,000 Polkadot with a fair value at the time of £1,091,850. Further to this in a second round of funding Argo invested a further £7,352,970 on 8 March 2021. There have been no transactions with this associate during the period.

Argo owns 24.65% of the total share capital and voting rights of the business and is entitled to nominate a director to the Pluto Board of Directors. In accordance with IAS28 the Group considers the Pluto Digital PLC investment as an associate and has been accounted for accordingly.

32. CONTROLLING PARTY

There is no controlling party of the Group.

33. POST BALANCE SHEET EVENTS

In mid-January 2022 Argo announced that the group invested approximately 10% of the group's crypto assets in its "HODL" to Argo Labs. Argo Labs is the group's in-house innovation arm established to identify opportunities within the disruptive and innovative sectors of the cryptocurrency ecosystem while supporting the decentralization of various blockchain protocols. Argo Labs is primarily focused on two key areas: network participation and strategic diversification through the efficient deployment of the Company's crypto treasury assets. Network participation consists of providing infrastructure support, running nodes and validators, and staking innovative projects. Efficient deployment of the group's crypto treasury assets includes, among other things, supporting early-stage projects and participating in decentralized finance (DeFi), as well as the NFT & metaverse ecosystem, in each case in furtherance of the group's general business operations.

In a statement released 7 January 2022 it was announced that construction of Argo's 200 MW flagship cryptocurrency mining facility, Helios, in Dickens County, Texas facility remains on time and the main structure, outside facade, and roof have now been completed. The next phase of construction and build out of essential infrastructure are ongoing, with a projected completion date in the first half of 2022. Furthermore, in early March 2022 the Company announced that it has placed an order with PA Transformer for four additional Main Power Transformers which will provide an additional 600 MW of total power to Argo's Helios facility. They are identical in specification to the initial order of transformers the group is currently installing on site, and they will be delivered in Q1 and Q2 2023.