Press release

09 August 2021

Argo Blockchain PLC

("Argo" or "the Company")

Interim Half Year Results 2021

Update on Mining Infrastructure

Argo Blockchain, a global leader in cryptocurrency mining (LSE: ARB), is pleased to announce its results for the six months to 30 June 2021.

Financial highlights

- Revenues increase by 180% to £31.1m reflecting increase in production coupled with an increase in Bitcoin prices (H1 2020: £11.1m)
- EBITDA* increased by 332% to £16.0m (H1 2020: £3.7m) despite a £6.2m downward revaluation of digital assets and a £1.6m share based payment charge
- Mining margin of 81% (H1 2020: 39%)
- Pre-tax profit of £10.7m (H1 2020: £0.5m)
- Total number of Bitcoin and Bitcoin Equivalent mined during H1 2020 was 883 BTC (2020: 1,669). The change from the previous period was mainly due to the halving of May 2020
- Total number of Bitcoin and Bitcoin Equivalent held as at 30 June 2021 were 1,268 BTC, an increase from 127 Bitcoin and Bitcoin Equivalent as at 30 June 2020

*Earnings before interest, tax, depreciation and amortisation

Operating highlights

- Mining capacity increased from 685 petahash as at 31 December 2020 to 1,075 petahash as at 30 June 2021

Post period end

- Broken ground at the Texas facility
- In late June and July, significant changes in mining difficulty led to a substantial decrease in the global hashrate, resulting in an increase in the number of Bitcoin Argo mines with the same hashpower
- New board appointments

Commenting on the results, Peter Wall, chief executive and interim chairman, said: "We have capitalised on a change in market conditions in the first half of 2021 to deliver strong growth in both revenues and profits, demonstrating that our smart growth strategy is delivering value to shareholders."

Update on Mining Infrastructure

The Company announces an update to its 22 February 2021 announcement relating to the expansion of the Company's mining capacity in Q4 2021 and 2022. As previously announced, Argo committed to an initial purchase of US$8 million of mining rigs from ePIC Blockchain Technologies ("ePIC"), with delivery expected to begin in Q4 2021. However, based on limitations of technology, Argo and ePIC have agreed to amend the agreement. Under the amended agreement, the initial purchase order was cancelled and, at Argo's option, $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.

This announcement contains inside information.

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About Argo:

Argo Blockchain plc is a global leader in cryptocurrency mining with one of the largest and most efficient operations powered by clean energy. The Company is headquartered in London, UK and its shares are listed on the Main Market of the London Stock Exchange under the ticker: ARB and on the OTCQX Best Market in the United States under the ticker: ARBKF.

Interim Management Report

Argo entered 2021 with a clear business strategy of "smart growth" and its mining operations continue to gain momentum as new production capacity was brought onstream. The Group's mining margin has remained strong during the first half of 2021, averaging 81 per cent over the period.

In the first quarter, the Group conducted two fundraisings which together generated £49.2m in new equity. These fundraisings enabled the Group to invest in new machines and fund working capital requirements as well as a strategic investment in Pluto Digital PLC ("Pluto") and an acquisition of DPN LLC to acquire the Helios project and land in West Texas, as described below. The Group has been able to grow its crypto holding to 1,268 Bitcoin and equivalents at the end of June 2021 as a result of the cash generated from these placements and the monies collected from options and warrants exercises, which helped to fund working capital.

In March, the Group acquired the Helios project - 160 acres of land in West Texas primed for the development of a cryptocurrency data centre - through the acquisition of DPN LLC. The land has access to up to 800 megawatts (MW) of power, primarily from renewable sources. Post period end, the Group has broken ground at this facility and expects the first stage of this development, a 200MW Facility, to be completed in the first half of 2022.

The Group is mindful of its carbon footprint and has previously committed to announce its climate action plan to achieve the Group's goal of becoming a net zero greenhouse gas (GHG) company. Alongside this plan, in March the Group announced "Terra Pool", a Bitcoin mining pool powered by clean energy, with the aim of expediting the shift from conventional power to clean energy and reducing the impact of Bitcoin mining on the environment. The mining pool will provide a platform for cryptocurrency miners to produce Bitcoin and other cryptocurrencies in a sustainable way.

In two separate investment rounds completed in early 2021 Argo invested a total of £8.4m in Pluto. Pluto is a crypto technology company that is exploring solutions to connect Web 3.0 technologies to the global economy. Pluto is investing in, incubating and advising digital asset projects based on decentralised technologies (DeTech), decentralised finance (DeFi) and networks such as Ethereum and Polkadot. Pluto also plans to support the operation of proof-of-stake networks by staking and operating validator nodes.

Having successfully completed a major expansion, the Group's strategic focus is to optimise operations by further increasing efficiency and reducing operating costs and executing the build out of Argo's Texas facility in line with the timeline the Group set out in the first quarter of 2021.

Outlook

I am delighted to report that the shift to profitability we reported in 2020 has continued into 2021 with the Group recording a record profit.

The Group increased EBITDA from £3.7m in H1 2020 to £16.0m in H1 2021. Profit before tax amounted to £10.7m against £0.5m in the comparable period while earnings attributable to shareholders amounted to £7.21m, up from £523,000 in 2020.

The results also reflect Argo's strategy to pursue "smart growth", which entailed considered investment in its mining infrastructure when hardware prices were competitive, while enhancing mining efficiency through optimisation of machine performance and energy costs. These factors enabled the Group to manage its cash resources through a highly volatile pricing environment for Bitcoin, which impacted mining margins and difficulty rates across the sector for much of the period. As we move to an owned and operated model, we expect hosting costs to reduce and provide the potential to enhance margins further.

We believe the gains that began late last year mark an important milestone in the cryptocurrency and blockchain industry due to a series of positive developments that point to increasing acceptance of cryptocurrencies, in particular Bitcoin, as a new asset class, a means of exchange and store of value by corporate and institutional investors as well as consumers.

During the period, the cryptocurrency mining sector has also experienced a significant shock due to a change in the regulation of mining in China, leading to an unprecedented drop in global hashrate and mining difficulty. We believe Argo is well positioned to capitalise on the emerging trends in the market through its large and highly efficient mining infrastructure and experience. The Group will also continue to manage growth through the expansion of the size and quality of its mining infrastructure, as well as strategic opportunities that leverage its leading market position.

In March 2021, we acquired 160 acres of land in west Texas, where we are building a new hosting facility with up to 200MW of clean energy at low prices, which will give us the capacity to establish our flagship mining centre in the United States by the first quarter of 2022 and access to up to a further 600MW of power for future development.

Our strategic priority in 2021 remains to focus on continued "smart growth", to further expand our mining capacity and our facilities whilst investigating new and innovative opportunities in emerging cryptocurrencies and addressing our environmental responsibilities. We will focus on increasing returns from our installed base by optimising hardware performance to reduce power consumption from clean power, improve machine uptime and maintain among the best mining margins in the sector.

On behalf of the Board, I would like to thank all shareholders for their support and take this opportunity to welcome those from North America who have become Argo investors following our hugely successful commencement of trading on the OTC market in early 2021.

Post the period end, we announced the board appointments of Colleen Sullivan, Maria Parella and Sarah Gow as independent non-executive directors, and of Alex Appleton as an executive director. We also announced the resignation of executive chairman, Ian Macleod, and non-executive directors, James Savage and Marco D'Attanasio. I would like to thank them for their contribution during the period and look forward to welcoming Argo's new board members for the period ahead. Their experience within the cryptocurrency, technology and finance sectors will be invaluable as Argo continues to progress as a global leader in cryptocurrency mining.

Peter Wall
CEO & Interim Executive Chairman

Responsibility Statement

We confirm that to the best of our knowledge:

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

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

Peter Wall
CEO & Interim Executive Chairman

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 30 June 2021 (unaudited) £	Period ended 30 June 2020 (unaudited) £
Revenues	**5**	31,085,716	11,124,455
Direct costs	**11**	(10,364,842)	(9,697,116)
Crypto asset fair value movement	**14**	(6,188,438)	(244,827)
Gross profit		**14,532,436**	**1,182,512**
Operating costs and expenses			
Consulting fees		(304,379)	(177,328)
Professional fees		(415,066)	(171,514)
General and administrative		(1,136,755)	(183,708)
Share based payment		(1,567,608)	-
Operating profit		**11,108,628**	**649,962**
Interest expense		(410,804)	(126,914)
Interest income		-	26
Profit before taxation		**10,697,824**	**523,074**
Income tax expense	**7**	(3,483,827)	-
Profit after taxation		**7,213,997**	**523,074**
Other comprehensive income			
Items which may be subsequently reclassified to profit or loss:			
- Currency translation reserve		(361,029)	(431,746)

Total other comprehensive income, net of tax		**(361,029)**	**(431,746)**
Total comprehensive income attributable to the equity holders of the Company		**6,852,968**	**91,328**
Earnings per share attributable to equity owners (pence)			
Basic earnings per share	**6**	1.9p	0.2p
Diluted earnings per share	**6**	1.8p	0.2p

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 (unaudited) £	As at 31 December 2020 (audited) £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	**0**	219,360	1,393,303
Investments accounted for using the equity method	**9**	8,444,820	-
Intangible fixed assets		291,270	367,768
Property, plant and equipment	**11**	35,795,266	10,524,232
Right of use assets	**11**	6,355,192	7,379,387
Other receivables	**12**	-	4,114,726
Total non-current assets		**51,105,908**	**23,779,416**
Current assets			
Investments at fair value through profit or loss	**0**	1,411,376	-
Trade and other receivables	**13**	39,246,333	2,175,319
Digital assets	**14**	31,896,437	4,637,438
Cash and cash equivalents		16,047,609	2,050,761
Total current assets		**88,601,755**	**8,863,518**
Total assets		**139,707,663**	**32,642,934**
LIABILITIES STOCKHOLDERS EQUITY			
Equity			
Share capital	Error! Reference source not found.	381,832	303,436
Share premium	Error! Reference source not found.	55,317,447	1,540,497
Share based payment reserve	**16**	992,324	75,233
Foreign currency translation reserve	**16**	81,823	442,852
Accumulated surplus	**16**	29,178,867	21,964,870
Total equity		**85,952,293**	**24,326,888**
Current liabilities			
Trade and other payables	**17**	25,210,780	936,659
Loans and borrowings	**18**	15,383,111	-
Income tax		3,483,827	-
Lease liability		3,990,370	3,469,672
Total current liabilities		**48,068,088**	**4,406,331**
Non-current liabilities			
Lease liability		1,654,918	3,909,715
Loans and borrowings	**18**	4,032,364	-
Total liabilities		**53,755,370**	**8,316,046**
Total equity and liabilities		**139,707,663**	**32,642,934**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Foreign currency translation reserve £	Accumulated surplus/ (deficit) £	Total £
Balance at 1 January 2020	293,750	25,252,288	178,240	(4,986,336)	20,737,942
Total comprehensive profit for the period:					
Profit for the period	-	-	-	523,074	523,074
Other comprehensive	-	-	(431,746)	-	(431,746)

income					
Total comprehensive income for the period	-	-	(431,746)	523,074	91,328
Transactions with equity owners:					
Issue of share capital net of issue costs	-	-	-	-	-
Balance at 30 June 2020	293,750	25,252,288	(253,506)	(4,463,262)	20,829,270

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	**Share premium**	**Foreign currency translation reserve**	**Share based payment reserve**	**Accumulated surplus/ (deficit)**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2021	303,436	1,540,497	442,852	75,233	21,964,870	24,326,888
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	7,213,997	7,213,997
Other comprehensive income	-	-	(361,029)	-	-	(361,029)
Total comprehensive income for the period	-	-	(361,029)	-	7,213,997	6,852,968
Transactions with equity owners:						
Common stock to be issued*	71	11,296	-	-	-	11,367
Issue of common stock net of issue costs	78,235	53,765,654	-	-	-	53,843,889
Stock based compensation charge	-	-	-	1,567,608	-	1,567,608
Common stock options/warrants exercised	-	-	-	(567,523)	567,523	-
Common stock options/warrants lapsed/expired	-	-	-	(82,994)	82,994	-
Total transactions with equity owners	78,306	53,776,950	-	917,091	650,517	55,422,864
Balance at 30 June 2021	381,832	55,317,447	81,823	992,324	29,178,867	85,952,293

*Shares to be issued relate to share options exercised and paid up pre period end, however the shares were formally issued post period end.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**Period ended 30 June 2021 (unaudited) £**	**Period ended 30 June 2020 (unaudited) £**
Cash flows from operating activities			
Operating profit		11,108,628	649,962
Adjustments for:			
Depreciation/Amortisation		4,869,638	3,012,462
Foreign exchange movements		25,087	(431,746)
Share based payment expense		1,567,608	-
Working capital changes:			
(Increase)/decrease in trade and other receivables	**13**	(2,092,532)	534,947
Increase/(decrease) in trade and other payables	**17**	15,245,263	(167,503)
(Increase)/decrease in digital assets	**14**	(34,758,295)	203,045
Fair value change in digital assets	**14**	6,407,446	(104,781)
Net cash flow from operating activities		**2,372,843**	**3,696,386**
Investing activities			
Acquisition of subsidiaries, net of cash acquired		(271,732)	-
Investment in associate	**9**	(7,352,970)	-
Other investments	**8**	(219,361)	-
Purchase of tangible fixed assets	**11**	(6,883,195)	(1,617,024)
Mining equipment prepayments	**13**	(35,471,499)	-
Interest received		-	27
Net cash used in investing activities		**(50,198,757)**	**(1,619,997)**

Financing activities			
Increase/(decrease) in loans	**8**	14,375,021	(797,455)
Lease payments		(1,734,098)	-
Interest paid		(410,803)	(126,914)
Proceeds from shares issued		49,592,641	-
Net cash generated from/used in) financing activities		**61,822,761**	**(924,369)**
Net increase in cash and cash equivalents		**13,996,847**	**1,155,020**
Cash and cash equivalents at beginning of period		2,050,761	161,342
Cash and cash equivalents at end of period		**16,047,608**	**1,316,362**

Material non-cash movements:

- During the period, the Company assumed the mortgages on two properties from GPUone with a value of £5,040,454. Consideration of the acquisition was made from a forgiveness of prepayments made totalling £4,664,113. Additionally, the Company used common stock as payment to acquire DPN LLC, part of which was issued during the period amounting to £3,261,990, and a further £9,025,857 which is due to be paid in common stock and included within liabilities.
- During the period, the Company paid a total of 75,000 Polkadot, which had a value of £1,091,850, in respect of the acquisition of shares in Pluto Digital PLC.

NOTES TO THE CONDENSED CONSOLIDATED 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 Room 4, 1st Floor 50 Jermyn Street, London, United Kingdom, SW1Y 6LX.

On 4 March 2021 the Group acquired 100% of the share capital of DPN LLC Inc.

On 11 May 2021 the Group acquired 100% of the share capital of 9377-2556 Quebec Inc and 9366-5230 Quebec Inc.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and presented in sterling. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union as issued by the IASB. The report of the auditors on those financial statements was unqualified.

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.

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. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020.

The Group has reclassified the 2020 comparative for the fair value movement in digital assets. This is now included in the calculation of gross profit, whereas previously in 2020 this was included in operating profit/(loss). The reclassification into gross profit in 2021 more accurately reflects the nature and management of these assets as inventory for commodity broker-traders.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year except as set out below.

Associates
Associates are 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.

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

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. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings 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. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings 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.

Revenue recognition - Management fees

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

Segmental reporting
The directors consider that the Group has only one significant reporting segment being crypto mining which is fully earned by a Canadian subsidiary.

Tangible fixed assets
Depreciation on the land and buildings 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. Depreciation is recorded in the Income Statement within general administrative expenses once the asset is brought into use.

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.

4. 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.

Standards which are in issue but not yet effective:

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 2013
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.

5. REVENUES

	Period ended 30 June 2021 (unaudited) £	Period ended 30 June 2020 (unaudited) £
Crypto currency mining - worldwide	29,937,270	11,124,455
Crypto currency management fees - United States	1,148,446	-
Total revenue	**31,085,716**	**11,124,455**

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

Crypto currency mining revenues are recognised at a point in time.

Crypto currency management fees are services recognised over time.

6. EARNINGS PER SHARE

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

	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)
Net profit for the period attributable to ordinary equity holders from continuing operations (£)	7,213,997	523,074
Weighted average number of ordinary shares in issue	381,832,335	293,750,000
Basic earnings per share for continuing operations (pence)	1.9	0.2

Net profit for the period attributable to ordinary equity holders for continuing operations (£)	7,213,997	523,074
Diluted number of ordinary shares in issue	393,091,232	350,098,603
Diluted earnings per share for continuing operations (pence)	1.8	0.2

The Group has in issue 11,258,897 warrants and options at 30 June 2021 (2020: 51,462,453).

7. TAXATION

	Period ended 30 June 2021 (unaudited) £	Period ended 30 June 2020 (unaudited) £
Income tax expense - foreign tax	3,483,827	-
Deferred tax expense	-	-
Taxation charge in the financial statements	**3,483,827**	**-**

No deferred tax asset has been recognised in respect of UK tax losses carried forward on the basis that there is insufficient certainty over the level of future profits to utilise against this amount.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
At 1 January 2021 and 1 January 2020	1,393,303	58,140
Additions	219,360	1,335,676
Foreign exchange movement	18,073	(513)
Transferred to current investments	(1,411,376)	-
At 30 June 2021 and 31 December 2020	**219,360**	**1,393,303**
Current		
At 1 January 2021 and 1 January 2020	-	-
Transferred from non-current investments	1,411,376	-
At 30 June 2021 and 31 December 2020	**1,411,376**	**-**

Non-current investments include:

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. (formerly DeFi Ventures Inc.) an investment representing less than 1% of the Ordinary shares and voting rights.

Current investments include:

GPUone Holding Inc investment in Class A shares. This investment represents an interest of approximately 10% of GPUone Holding Inc. as at 30 June 2021.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
	£	£
Opening balance	-	-
Acquired during the period	8,444,820	-
Total Associates	**8,444,820**	**-**

Set out below are the associates of the Group as at 30 June 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 2021 and 2020:

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.

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 is exploring solutions to connect Web 3.0 technologies to the global economy. Pluto plans to invest in, incubate and advise digital asset projects based on decentralised technologies (DeTech), decentralised finance (DeFi) and networks such as Ethereum and Polkadot. Pluto also plans to support 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.

No summarised financial information for the period ended 30 June 2021 has been made available by Pluto to the Group and therefore no share of the profit or loss of the associate has been recognised. The directors do not believe their share of profit or loss for the period would be material to the Group.

10. 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 fair value of £4,955,980 consisting of £291,867 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 30 June 2021 the GPUone subsidiaries loss amounted to £494,508 which is fully consolidated. No revenue has been generated from these entities since acquisition. 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 June 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 £666,845 were acquired. The directors consider these amounts fully recoverable and as such these receivables have not been impaired.

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 at 11 May 2021

	£
Cash	291,867
Payment for deposits	666,845
Cancellation of prepayment and deposits	4,664,113
Total consideration	**5,622,825**

Recognised amounts of identifiable assets acquired, and liabilities assumed

	£
Cash and cash equivalents	20,135
Property, plant and equipment (Note 11)	10,159,851
Trade and other receivables	483,294
Property mortgages	(5,040,455)
Total	**5,622,825**

If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustment to the above amounts, or any additional provisions identified that existed at the acquisition date, then the acquisition accounting will be revised.

Acquisition of DPN LLC

The acquisition of DPN LLC, effectively comprising the land acquisition in west Texas, has been treated as an asset acquisition in these condensed consolidated financial statements.

11. TANGIBLE FIXED ASSETS

Group	Right of use Assets	Mining and Computer Equipment	Land & buildings	Improvement to Datacentre	Total
	£	£	£	£	£
Cost					
At 1 January 2021	7,379,387	17,864,347	-	84,927	25,328,661
Foreign exchange movement	-	(132,458)	-	-	(132,457)
Acquisition through business combination	-	163,416	9,996,435		10,159,851
Additions	-	-	19,012,587	-	19,012,587
At 30 June 2021	7,379,387	17,895,305	29,009,022	84,927	54,368,642
Depreciation and impairment					
At 1 January 2021	-	7,377,050	-	47,992	7,425,042
Depreciation charged during the period	1,024,915	3,723,527	35,155	9,544	4,793,141
At 30 June 2021	1,024,195	11,101,297	35,155	57,536	12,218,183
Carrying amount					
At 1 January 2021	7,379,387	10,487,297	-	36,935	17,903,619
At 30 June 2021	6,355,192	6,794,008	28,973,867	27,391	42,150,459

No depreciation has been charged on the Texas land and buildings additions as they are yet to come into use.

12. OTHER RECEIVABLES (NON-CURRENT)

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
	£	£
Deposits		
Brought forward	4,114,726	4,151,400
Exchange movement	-	(36,674)
Cancelled on acquisition of GPUone subsidiaries	(4,114,726)	-
Total carrying amount of other receivables	-	4,114,726

This deposit was used as part of the acquisition of the GPUone Holding Inc subsidiaries detailed in note 10.

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
	£	£
Mining equipment prepayments	35,471,499	-
Prepayments and other receivables	1,957,977	811,684
Other taxation and social security	1,816,857	1,363,635
Total trade and other receivables	**39,246,333**	**23,227,957**

Mining equipment prepayments consist of payments made and due on mining equipment due to arrive in Q3 and Q4 2021. Payments to ePIC ASIC Asia Limited comprise £3,429,826 and the balance of £32,041,673 was paid to Core Scientific Inc 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 gives us 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, the Group and ePIC agreed to amend their agreement. Under the amended agreement, the initial purchase order was cancelled and, at the Group's option, $5million deposited with ePIC, in whole or 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 30 June 2021.

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

14. DIGITAL ASSETS

Group	Period ended 30 June 2021 (unaudited)	Year ended 31 December 2020 (audited)
	£	£
At 1 January 2021 and 2020	**4,637,438**	**1,040,964**
Additions		
Crypto assets mined	29,937,270	18,947,908
Crypto asset purchased and received	4,383,010	9,896,641
Total additions	**34,320,280**	**28,844,549**
Disposals		
Crypto assets sold	(1,091,850)	(27,318,471)
Total disposals	**(1,091,850)**	**(27,318,471)**

Fair value movements		
Loss on futures	-	(258,326)
Movements on crypto asset sales	219,008	(13,816)
Movements on crypto assets held at the period end	(6,407,446)	2,342,538
Total fair value movements	**(6,188,439)**	**2,070,396**
At 30 June 2021 & 31 December 2020	**31,896,437**	**4,637,438**

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 795 Bitcoin as collateral for a loan see note 18. Post period end a further 86 Bitcoin were used as collateral for this loan.

At the period end, the Group held crypto assets representing a fair value of £31,896,437. The breakdown of which can be seen below:

As at 30 June 2021 (unaudited)

Crypto asset name	**Coins/tokens**	**Fair value £**
Bitcoin - Bitcoin	471	11,700,276
Bitcoin - held as collateral	795	19,748,876
Ethereum - ETH	254	394,963
Alternative coins		52,322
At 30 June 2021		31,896,437

As at 31 December 2020 (audited)

Crypto asset name	**Coins/tokens**	**Fair value £**
Bitcoin - Bitcoin	183	3,937,344
Polkadot - DOT	75,000	515,176
Ethereum - ETH	254	138,257
Binance Coin - BNB	1,243	34,260
USDT,USDC & Tether (stable coin - fixed to USD)	26,509	19,553
Alternative coins	-	496
At 31 December 2020		**4,637,438**

15. ORDINARY SHARES

	As at 30 June 2021 (unaudited) £	**As at 31 December 2020 (audited) £**
Ordinary share capital		
Issued and fully paid		
303,435,997 Ordinary Shares of £0.001 each	303,436	293,750
Issued in the period		
78,325,292 Ordinary Shares of £0.001 each	78,325	-
Fully paid not yet issued		
71,046 Ordinary Shares of £0.001 each	71	9,686
381,832,335 Ordinary Shares of £0.001 each	381,832	303,436
Share premium		
At beginning of the period	1,540,497	25,252,288
Cancelled during the period	-	(25,252,288)
Issued in the period	53,765,654	-
Fully paid not yet issued	11,296	1,540,497
At the end of period	55,317,447	1,540,597

On 23 November 2020 the High Court of England and Wales confirmed the reduction to the Company's equity through cancellation of the share premium account. This was transferred into retained earnings.

16. 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
Foreign currency translation reserve	Cumulative effects of translation of opening balances on non-monetary assets between subsidiary functional currency (Canadian dollars) and Group functional and presentational currency (Sterling).
Accumulated surplus	Cumulative net gains and losses and other transactions with equity holders not recognised elsewhere.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2021 (unaudited) £	**As at 31 December 2020 (audited) £**
Trade payables	15,233,372	548,293
Accruals and other payables	949,976	271,471
Short term loans	-	115,924
Deferred contingent consideration	9,025,857	-
Other taxation and social security	1,575	972

Total trade and other payables	**25,210,780**	**936,660**

Within trade payables is £10,844,312 (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.

Deferred contingent consideration relates to the acquisition of DPN LLC of which up to a further US$12.5m in shares at a predetermined price being payable if certain contractual milestones related to the facility are fulfilled.

18. LOANS AND BORROWINGS

Non-current liabilities	**AS at 30 June 2021 (unaudited)**	**31 December 2020 (audited)**
Assumed mortgage on acquisition	4,032,364	-
Total	**4,032,364**	**-**
Current liabilities		
Short term loan	14,375,021	-
Assumed mortgage on acquisition	1,008,090	-
Total	**15,383,111**	**-**

The mortgage is secured against the two buildings at Mirabal and Baie-Comeau is repayable over 60 months at an interest rate of 5% per annum.

On 29 June 2021 the Group entered into a loan agreement with Galaxy Digital LP for a facility of US$20 million. The proceeds of the loan will be used, in conjunction with funds raised previously, to continue the build-out the West Texas data centre. The short-term loan is a Bitcoin collateralised loan against 795 Bitcoin initially with a further 86 Bitcoin transferred after the period end. It has a 6-month term and attracts an interest rate of 12.5% per annum.

19. FINANCIAL INSTRUMENTS

	As at 30 June 2021 (unaudited)	**As at 31 December 2020 (audited)**
	£	**£**
Carrying amount of financial assets		
Measured at amortised cost		
- Trade and other receivables	209,498	144,607
- Cash and cash equivalents	16,047,608	2,050,761
Measured at fair value through profit or loss	1,630,736	1,393,303
Total carrying amount of financial assets	**17,887,842**	**3,588,671**
Carrying amount of financial liabilities		
Measured at amortised cost		
- Trade and other payables	16,105,765	548,293
- Short term loans	15,383,111	115,924
- Long term loans	4,032,364	-
- Lease liabilities	5,645,239	7,409,387
Measured at fair value through profit or loss	9,025,857	-
Total carrying amount of financial liabilities	**50,192,336**	**8,073,604**

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 30 June 2021 and 31 December 2020.

Assets	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss				
- Equity holdings	-	-	1,630,736	1,630,736
- Digital assets	-	31,896,437	-	31,896,437
Total at 30 June 2021	**-**	**31,896,437**	**1,630,736**	**33,527,173**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Deferred contingent consideration	-	-	9,025,857	9,025,857
Total at 30 June 2021	**-**	**-**	**9,025,857**	**9,025,857**

Assets	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss				
Equity holdings	-	-	1,393,303	1,393,303
Digital assets	-	4,637,438	-	4,637,438
Total at 30 December 2020	**-**	**4,637,438**	**1,393,303**	**6,030,741-**

All financial assets are in 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.

20. 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.

21. RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes Directors (executive and non-executive) and senior management. The compensation paid to related parties in respect of key management for employee services during the period was made only from Argo Innovation Labs Inc, amounting to: £18,250 paid to POMA Enterprises Limited in respect of fees of Matthew Shaw (Non-executive director); £105,600 paid to Vernon Blockchain Inc in respect of fees of Peter Wall (CEO); £67,649 paid to Tenuous Holdings Ltd in respect of fees of Ian MacLeod (Executive chairman). During the period, James Savage (NED) was remunerated a gross salary of £15,000, Marco D'Attanasio was remunerated gross fees of £15,000 and Alex Appleton through Appleton Business Advisors Limited was paid £60,000 during the period.

Total director fees and remuneration, paid directly and indirectly, totalled £221,499 (2020: £250,148).

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 one director to the Pluto Board of Directors. In accordance with IAS28 the Group considers the Pluto Digital PLC investment as an associate.

22. CONTROLLING PARTY

There is no controlling party of the Group.