

KR1 plc

(a€œKR1a€ or the a€œCompanya€)

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Interim Report for the Half Year Ended 30 June 2024

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KR1 plc (KR1:AQSE), a leading digital asset investment company,Å today announces its half year results for the six months ended 30 June 2024 (a€œHY24a€).

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Financial Highlights

- Net assets of Å£145.2 million, +60.1% on HY23; -25.5% on FY23
- NAV per share of 82.01p as at 30 June 2024, +60.4% on HY23; -25.4% on FY23
- Income from digital assets of Å£8.7 million, +123% on HY23

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Strategic Highlights

a€œWe continue to work hard with relevant policymakers, strategic partners, and the newly elected government to support the United Kingdom in realising its ambition to become a global crypto-asset hub and remain competitive in the field.a€

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Investment Highlights

a€œGreatly boosted by the Company's successful investment in Celestia, the half-year started strongly for the Company's portfolio, even surpassing previous end-of-year highs. However, following Bitcoin's surge up to all-time highs, there has been a lengthy period of consolidation, which is challenging for most of the crypto market and the Company's portfolio.a€

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Market Outlook

a€œLooking ahead, key catalysts that will dictate where crypto assets are heading will be the future outlook on interest rates across the globe as well as the US election outcome, resulting in a potentially more favourable regime for crypto in the US.a€

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Managing Directorsa€™ Report

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Since Bitcoinsa€™ all-time high this Spring, the crypto markets have entered a period of consolidation, once again offering both seasoned and new investors valuable lessons in resilience and long-term thinking. As the crypto landscape continues to evolve, it provides an opportunity for market participants to strategise for the next growth phase.

As detailed in our most recent annual report, we continue to work hard with relevant policymakers, strategic partners, and the newly elected government, to support the United Kingdom in realising its ambition to become a global crypto-asset hub and remain competitive in the field. We firmly believe that the UK has the potential to be a leader where digital asset firms have the clarity needed to invest and innovate, while customers receive the necessary protection.

We recently witnessed the most comprehensive overhaul of rules for London-listed companies in over thirty years and the approval of Bitcoin and Ethereum Exchange Traded Notes for trading on the London Stock Exchange earlier this year. Those reforms present an opportune moment for the new government and the Financial Conduct Authority (a€œFCAa€) to further embrace the potential of blockchain and digital assets, as the world rapidly shifts towards a new digital economy. Despite giant steps in the right direction, these developments merit further review to hopefully loosen the a€œblanket banâ€™ on crypto and digital asset firms being admitted to the FCAa€™s official list, which has been in place since the FCAa€™s Cryptoasset Taskforce report was published in October 2018.

In the UK and globally, we have seen the incredible impact of the internet on our daily lives, the economy and society. Tokenisation, blockchain-enabled technologies, and digital assets represent the next frontier of technological innovation, offering greater security, financial inclusion, diversity and competitiveness in consumer services. By streamlining regulations to foster an innovation-friendly environment, the UK can boost its global competitiveness and revitalise its stagnant capital markets by attracting global investment into homegrown talent, enabling significant growth opportunities for the country and the resulting trickle-down effect on its entire economy.

Outside of the UK, crypto and digital assets have become key topics in US politics, particularly among Republicans and their presidential candidate. Even Democrats, who have previously shown hostility towards digital assets, are seemingly changing their stance towards the industry. The shifting political landscape in Washington indicates a growing acceptance and strategic interest in digital assets, highlighting a pivotal moment for the industry, both in the US and globally.Å

Greatly boosted by the Companya€™s successful investment in Celestia, the half-year started strongly for the Companya€™s portfolio, surpassing previous end-of-year highs. However, following Bitcoina€™s surge up to all-time highs, there has then been a lengthy period of consolidation, which has affected the crypto market and the Companya€™s portfolio. Fundamentally, the crypto ecosystem keeps pushing forward, with more developers joining and many important growth metrics continuing to improve. Ethereuma€™s roll-up-centric roadmap is playing out, greatly benefiting Celestiaa€™s positioning. Celestia itself recently unveiled its updated roadmap, removing additional friction points for developers as well as a massive increase in data throughput. Polkadot, another major investment of the Company, is also continuing to take further steps towards executing on its recently updated technical roadmap with Polkadot a€œPlazaâ€™, an improved version of Polkadota€™s a€œAsset Hubâ€™, and further progress on the a€œJAMâ€™ protocol, which was unveiled earlier this year by Dr. Gavin Wood, Polkadota€™s founder.

We have continued to allocate capital to great teams and projects, having made several investments to complement our portfolio so far this year. We invested in Avail, which is positioning itself as a unifying force for a rollup-centric blockchain ecosystem. Additionally, we supported Mode, which aims to bring decentralised finance on Ethereum to millions of users, through seed and follow-on funding. We also participated in the strategic funding round for Tanssi, a promising project within Polkadot that recently expanded into Ethereuma€™s rollup and restaking ecosystem. These investments reflect our commitment to backing innovative technologies with strong growth potential and our confidence in the teamsa€™ abilities to drive the future of decentralised technologies. Further portfolio projects that are yet to be launched are Anoma, pioneering a new generation of blockchains optimised for seamless user experiences, and Redstone, which is seeing great adoption through partnerships and use cases across the entire crypto ecosystem.

The Companya€™s staking activities continued to deliver consistent income, amounting to Å£8.7 million for the first half of 2024. Through staking, the

Company is contributing to the security of decentralised networks and, in return, is earning staking rewards, thereby compounding its holdings. This steady income stream highlights the strength and reliability of our staking strategy, significantly contributing to the Company's overall financial performance and showcasing our ability to generate value for our shareholders.

Looking ahead, key catalysts that will dictate where crypto assets are heading will be the future outlook on interest rates across the globe as well as the US election outcome, resulting in a potentially more favourable regime for crypto in the US.

As we continue into 2024 and beyond, we want to thank our investors for their continued support as we keep building out a high-quality, "long-only" portfolio of innovative digital assets. As in previous years, KR1 plc remains at the very heart of the thriving crypto ecosystem, fully focused on taking advantage of the disruption that this exciting technology will bring to society.

Statement of Comprehensive Income

	Note	6 months to 30 June 2024	6 months to 30 June 2023	12 months to 31 December 2023
		Unaudited £	Unaudited £	Audited £
Continuing operations:				
Income				
Digital asset income	8	8,723,982	3,912,210	8,653,547
Interest received	8	3,382	14,972	17,869
Direct costs	9	(409,419)	(122,398)	(462,205)
Gross profit		8,317,945	3,804,784	8,209,211
Administrative expenses	9	(2,864,419)	(1,948,266)	(4,009,745)
Gain on disposal of intangible assets	8	3,637,685	8,290,070	12,115,075
Movement in fair value of financial assets at fair value through profit and loss	6	1,194,122	(140,787)	(716,921)
Impairment of digital assets held under the cost model	12	1,484	-	(859,749)
Operating profit		10,286,817	10,005,801	14,737,871
Taxation		-	-	-
Profit after taxation	10	10,286,817	10,005,801	14,737,871
Other comprehensive income:				
Movement in fair value of intangible assets	12	(59,773,325)	10,658,544	110,209,704
Total other comprehensive income attributable to the equity holders of the Company for the period/year		(59,773,325)	10,658,544	110,209,704
Total comprehensive income attributable to the equity holders of the Company		(49,486,508)	20,664,345	124,947,575
Earnings per share attributable to the equity owners of the Company (pence):				
Basic earnings per share	11	5.80	5.64	8.31
Diluted profit per share	11	5.80	5.63	8.30

Statement of Financial Position

	Note	At 30 June 2024	At 30 June 2023	At 31 December 2023
		Unaudited £	Unaudited £	Audited £
Assets				
Non-current assets				
Intangible assets	12	4,087,869	22,232	23,615,464
Intangible assets receivable	12,13	1,902,118	-	-
Total non-current assets		5,989,987	22,232	23,615,464
Current assets				
Intangible assets	12	126,673,908	79,978,003	161,993,773
Intangible assets receivable	12,13	794,620	926,995	163,494
Financial assets at fair value through profit and loss	6	11,402,071	8,329,742	8,880,105
Cash and cash equivalents		1,486,334	2,114,457	1,395,407
Trade and other receivables	13	95,001	107,019	42,849
Total current assets		140,451,934	91,456,216	172,475,628

£	£	£	£	£
Total assets		146,441,921	91,478,448	196,091,092
£	£	£	£	£
Equity and liabilities				
Current liabilities				
Trade and other payables	14	1,272,714	807,919	1,137,333
Total current liabilities		1,272,714	807,919	1,137,333
£	£	£	£	£
Net assets		145,169,207	90,670,529	194,953,759
£	£	£	£	£
Equity				
Share capital	15	808,756	808,756	808,756
Share premium	16	36,602,619	36,602,619	36,602,619
Treasury shares	15	(298,044)	-	-
Revaluation surplus	16	57,153,194	17,375,359	116,926,519
Option reserve	16	149,852	149,852	149,852
Profit and loss account	16	50,752,830	35,733,943	40,466,013
Total equity		145,169,207	90,670,529	194,953,759
£	£	£	£	£
Total equity and liabilities		146,441,921	91,478,448	196,091,092
£	£	£	£	£
£	£	£	£	£
Net Asset Value per share	£	82.01 pence	51.12 pence	109.91 pence

Statement of Changes in Equity

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for the half year ended 30 June 2024 (unaudited)

£	Share capital £	Treasury shares £	Share premium £	Revaluation reserve £	Option reserve £	Retained reserves £	£ Total £
£	£	£	£	£	£	£	£
Balance at 1 January 2024	808,756	-	36,602,619	116,926,519	149,852	40,466,013	194,953,759
Profit for the financial period	-	-	-	-	-	10,286,817	10,286,817
Total other comprehensive income for the period	-	-	-	(59,773,325)	-	-	(59,773,325)
£	£	£	£	£	£	£	£
Total comprehensive income for the period	-	-	-	(59,773,325)	-	10,286,817	(49,486,508)
£	£	£	£	£	£	£	£
Purchase of treasury shares	-	(298,044)	-	-	-	-	(298,044)
£	£	£	£	£	£	£	£
Transactions with owners, recorded directly in equity	-	(298,044)	-	-£	-£	-	(298,044)
£	£	£	£	£	£	£	£
Balance at 30 June 2024	808,756	(298,044)	36,602,619	57,153,194	149,852	50,752,830	145,169,207

£
for the half year ended 30 June 2023 (unaudited)

£	Share capital £	Share premium £	Revaluation reserve £	Option reserve £	Retained reserves £	£ Total £
£	£	£	£	£	£	£
Balance at 1 January 2023	808,756	36,602,619	6,716,815	149,852	25,728,142	70,006,184
Profit for the financial period	-	-	-	-	10,005,801	10,005,801
Total other comprehensive income for the period	-	-	10,658,544	-	-	10,658,544
£	£	£	£	£	£	£
Total comprehensive income for the period	-	-	10,658,544	-	10,005,801	20,664,345
£	£	£	£	£	£	£
Transactions with owners, recorded directly in equity	-	-	-£	-	-	-
£	£	£	£	£	£	£
Balance at 30 June 2023	808,756	36,602,619	17,375,359	149,852	35,733,943	90,670,529

£
for the full year ended 31 December 2023 (audited)

Â	Share capital Â£	Share premium Â£	Revaluation reserve Â£	Option reserve Â£	Retained reserves Â£	Â Total Â£
Balance at 1 January 2023	808,756	36,602,619	6,716,815	149,852	25,728,142	70,006,184
Profit for the financial year	-	-	-	-	14,737,871	14,737,871
Total other comprehensive income for the year	-	-	110,209,704	-	-	110,209,704
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Total comprehensive income for the year	-	-	110,209,704	-	14,737,871	124,947,575
Â	Â	Â	Â	Â	Â	Â
Transactions with owners, recorded directly in equity	Â	Â	Â	Â	Â	Â
	-	-	-Â	-	-	-
Â	Â	Â	Â	Â	Â	Â
Balance at 31 December 2023	808,756	36,602,619	116,926,519	149,852	40,466,013	194,953,759
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Statement of Cash Flows

Â	6 months to 30 June 2024Â	6 months to 30 June 2023	12 months to 31 December 2023
Â	Unaudited Â£	Unaudited Â£	Audited Â£
Cash flows from operating activities	Â	Â	Â
Profit after tax for the period	10,286,817	10,005,801	14,737,871
Other comprehensive income	(59,773,325)	10,658,544	110,209,704
Adjustments for:	Â	Â	Â
Movement in fair value of intangible assets	59,773,325	(10,658,544)	(110,209,704)
Gain on disposal of intangible assets	(3,637,685)	(8,290,070)	(12,115,075)
Impairment of digital assets held under the cost model	(1,484)	-	859,749
Non-cash digital asset income	(8,723,982)	(3,912,210)	(8,653,547)
Other non-cash transactions	12,371	(121)	1,053
Foreign exchange gain	(52,383)	40,028	79,057
Movement in fair value of financial assets at fair value through profit and loss	(1,194,122)	Â 140,787	Â 716,921
(Increase)/decrease in debtors	(52,152)	18,551	82,721
Increase/(Decrease) in creditors	135,381	(731,376)	(401,962)
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Net cash (outflow) from operating activities	(3,227,239)	(2,728,610)	(4,693,212)
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Cashflows from investing activities	Â	Â	Â
Sales of investments	5,742,899	6,132,703	10,669,295
Purchases of investments	(2,179,072)	(1,883,770)	(5,135,782)
Net cash inflow from investing activities	3,563,827	4,248,933	5,533,513
Â	Â	Â	Â
Cashflows from financing activities	Â	Â	Â
Purchase of treasury shares	(298,044)	-	-
Net cash used in financing activities	(298,044)	-	-
Â	Â	Â	Â
Net increase in cash	38,544	1,520,323	840,301
Â	Â	Â	Â
Cash as at the beginning of the period	1,395,407	634,163	634,163
Effect of exchange fluctuations on cash	52,383	(40,029)	(79,057)
Cash as at the end of the period	1,486,334	2,114,457	1,395,407
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Represented by:	Â	Â	Â
Cash at bank	1,344,773	1,044,679	286,423
Cash held on trading platforms	141,561	1,069,778	1,108,984
Â	1,486,334	2,114,457	1,395,407

Non-cash transactions consist of expenses paid and investments purchased using digital assets and cryptocurrency assets.Â

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Interim Report Notes

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1. Interim report

The information relates to the 6-month period from 1 January to 30 June 2024 â€œH1 2024â€ and is unaudited with comparatives for the 6-month

period from 1 January to 30 June 2023 "2023" (unaudited) and for the year ended 31 December 2023 "2023" (audited).

The interim report was approved by the Directors on 18 September 2024.

The full interim report will be made available on the Company website kr1.io/documents

2. Basis of accounting

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- a. While the financial information included in this interim financial report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), this interim financial information does not itself contain sufficient information to comply fully with IFRSs.
- b. These interim financial statements are the financial statements of the Company.
- c. The financial statements are prepared under the historical cost convention except for the modification to a fair value listed financial assets and intangible assets traded in an active market which are carried at fair value as specified in the accounting policies below and are in accordance with applicable accounting standards.

3. Assets

Digital assets and Cryptocurrency assets

The Company holds digital assets and cryptocurrency assets which do not qualify for recognition as cash and cash equivalents or financial assets. The Company does not meet the definition of a broker-trader under IAS 2 "Inventories" as the assets are not principally acquired for the purpose of selling in the near future and brokerage in nature. The assets are held with a view to medium to long term capital growth.

Considering this, the digital assets and cryptocurrency assets have been classified as Intangible Assets in accordance with IAS 38. and the revaluation model has been applied as there is an active market for the cryptocurrencies. The assets are identifiable, separable and future economic benefits are expected. Intangible assets held are measured initially at cost and are subsequently carried at a revalued amount based on fair value.

All assets in this class are accounted for using the same model unless there is no active market for those assets. A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. The items within a class of intangible assets are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the Financial Statements representing a mixture of costs and values as at different dates.

Revaluation increases in the carrying amount are recognised in other comprehensive income and accumulated in the revaluation surplus within equity. Revaluation decreases which offset previous increases are charged in other comprehensive income and debited to the revaluation surplus directly in equity. All other decreases are charged to the income statement.

The digital assets and cryptocurrency assets have indefinite useful lives and are reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

Digital assets and cryptocurrency assets may be temporarily locked due to participation in activities including, but not limited to staking.

Digital assets and cryptocurrency assets delivered to the Company from early-stage investments for future tokens may be subject to restrictions such as lockups and vesting schedules.

The Company recognises digital assets and cryptocurrency assets as "Locked" when these assets are held in Company owned accounts or blockchain wallets under the Company's control whereby the unlock of these digital assets and cryptocurrency assets is in accordance with certain conditions, including but not limited to, a schedule dependent on time or blockchain block count, which is dictated by computer code, such as a smart contract deployed on a particular blockchain or similar mechanisms. Locked digital assets and cryptocurrency assets may be unlocked in a full tranche or partially over time.

Digital assets and cryptocurrency assets that are legally owned by the Company from early-stage investments for future tokens may be distributed to Company owned accounts or blockchain wallets under the Company's control by the investee team over time in accordance with the terms of contractual agreements between the Company and the investees. The Company recognises these owned but yet-to-be-received digital assets and cryptocurrency assets as Intangible assets receivable.

Whilst, under such circumstances the Company generally forfeits its ability to sell or otherwise transfer its locked digital assets and cryptocurrency assets, no other entity obtains the right to direct their use and the Company is still the primary entity holding the risks and rewards of ownership. Locked digital assets and cryptocurrency assets may be unlocked as a full tranche or may be subject to unlock and vesting schedules.

The Company does not derecognise time locked or vesting digital assets and cryptocurrency assets which are classified and measured in the same manner as non-locked digital assets and cryptocurrency assets.

The Company classifies digital assets and cryptocurrency assets which are due for release no later than one year after the period end as intangible assets held as current assets. Digital assets and cryptocurrency assets, which are due for release more than one year after the period end are classified as intangible assets held as non-current assets.

Digital assets and cryptocurrency assets receivable from third parties subject to unlock and vesting schedules, or as distributions and rewards are classified as intangible assets receivable.

Early-stage investments for future tokens

Unlike the digital asset and cryptocurrencies held, there is no active market for these agreements and hence these are held under the cost model and subsequent to initial recognition will be held at cost less impairment. No amortisation will be charged to the assets as the investment is entered into with the outcome expected that digital assets and cryptocurrency assets will be provided at the end of the agreement following a project's launch.

Revaluation decreases are charged to the income statement.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- i. Financial assets are valued at the lower of cost and net realisable value. Foreign denomination loans are translated into sterling at the rate of exchange ruling at the balance sheet date. For those financial assets listed on a recognised market, net realisable value is taken as mid-market price. Where the directors consider the market price of a current asset is likely to irreversibly fall, additional write downs in valuation to below mid-market price are made.

ii. The net realisable value of certain financial assets is not readily determinable by reference to a quoted market price. The directors have therefore made their own assessment of the net realisable value and adjusted the carrying value of the current asset where it is considered less than cost. This estimate requires estimation techniques, which are reliant upon their experience and expertise.

4. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses. Receivables comprise trade and other receivables.

Digital assets and cryptocurrency assets which are legally owned by the Company from early-stage investments for future tokens may be distributed to Company owned accounts or blockchain wallets under the Company's control by the investee team over time in accordance with the terms of contractual agreements between the Company and the investees. The Company recognises these owned but yet-to-be-received digital assets and cryptocurrency assets as Intangible assets receivable.

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The Company will report again for the full year to 31 December 2024.

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The Directors of KR1 plc accept responsibility for this announcement.

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For further information please contact:

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About KR1 plc

KR1 plc is a leading digital asset investment company supporting early-stage decentralised and open source blockchain projects. Founded in 2016 and publicly traded in London on the Aquis Growth Market (KR1:ASE), KR1 has one of the longest and most successful track records of investment in the digital assets space by investing in decentralised platforms and protocols that are emerging to form new financial and internet infrastructures.

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www.KR1.io

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Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).
