

### Corporate Governance Report

In April 2018, the Quoted Companies Alliance (QCA) published an updated version of its Code which provides UK small and mid-sized companies with a corporate governance framework that is appropriate for a Group and Company of our size and nature.

The Board considers the principles and recommendations contained in the QCA Code are appropriate and have therefore chosen to apply the QCA Code. The updated 2018 QCA Code has 10 principles that should be applied. Each principle is listed below together with an explanation of how the Group and Company applies or otherwise departs from each of the principles.

#### Principle One

##### *Business Model and Strategy*

The Online Blockchain PLC Group and Company (the "Company") works as an incubator and investor in internet and information businesses. The Company is currently focusing on blockchain technology development. The Company's business model is to establish new blockchain related ventures, using the Company's inhouse technology expertise and working with partners to create customer demand and interest in the Company's projects.

The Company owns 17.64% of ADVFN PLC, [www.advfn.com](http://www.advfn.com), a leading supplier of financial data.

The Company's development of blockchain products are still at an early stage of development, but the Board anticipates that as blockchain becomes more generally accepted as a technology, that the Company will have the opportunity to monetise its current initiatives.

#### Principle Two

##### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its brokers and shareholders. Investors also have access to current information about the Company via our Investor Relations (IR) website.

#### Principle Three

##### *Considering wider stakeholder and social responsibilities*

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders.

#### Principle Four

##### *Risk Management*

In addition to its other roles and responsibilities, the Audit Committee and Finance team are responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment
			Balancing salary with longer term incentive plans
Security	Hacking / theft	Loss of hardware / data and or Crypto assets	Warm (on-line internet connected) and Cold (off-line) wallets
			Alternative hosting.
Strategic	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders
	Inadequate disaster recovery procedures	Loss of key operational and financial data	Secure off-site storage

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market and credit risk	Inability to continue as going concern Reduction in asset values	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	Appropriate authority and investment levels Audit Committee and Finance Team

An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control is exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

### Principle Five

#### *A Well Functioning Board of Directors*

As at the date hereof the Board comprised the executive Chairman Michael Hodges, CEO Clement Chambers, CFO and CTO Jonathan Mullins, and Non-Executive Director, William Loudon. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. All the Directors including the Non-Executive Director are considered to be part time but are expected to provide as much time to the Company as is required.

The Board meets throughout the year. It has established a Finance team together with an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. William Loudon is considered to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. While the Board considers that, to date, the Board composition (including the executive role of the Chairman and the single non-executive director) has been appropriate for the Company given the size of the business, the board will review further appointments as scale and complexity grows and in particular, the potential appointment of an additional second independent non-executive director to meet the QCA recommendation.

#### Directors attendance at Board Meetings

The Annual General Meeting of the company took place on 23 December 2020 and all directors attended either in person or remotely. The management of the company and group revolves around the 4 directors who are in constant contact and this limits the need for formal board meetings which are reserved for occasions when formal approval is required under company law. No such formal board meetings were required this year. Both Michael Hodges and Jonathan Mullins attended the audit planning meeting with from the auditors, Saffery Champness LLP on a remote basis.

### Principle Six

#### *Appropriate Skills and Experience of the Directors*

The Board currently consists of four Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

The Board recognises that it currently has a limited diversity and this will form part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

### Clement Chambers

#### *Chief Executive Officer*

Co-founder of Online Blockchain plc, ADVFN plc and All IPO plc, Clement Chambers has been involved in the software industry for over 35 years as a pioneer of computer games, massively multiplayer games, multimedia and the internet. He has written investment columns for Wired Magazine, Forbes, The Business, The Scotsman and broadcasts on investment matters for SKY News, CNBC and the BBC. Chambers takes an active role in all aspects of the company, from product and staff development to revenue generation and the day-to-day running etc. He is a member of the Remuneration Committee. He has been a Non-Executive Director of Avarae Global Coins PLC since November 2010.

### **Michael Hodges**

#### *Chairman*

Co-founder of Online Blockchain plc, Michael Hodges has over 35 years experience in computer software development and publishing, while working with multi-user and Internet projects for many years. He co-founded Online Blockchain plc, ADVFN plc and All IPO plc. He is currently a director of All IPO plc. Michael has responsibility for all legal and contractual issues and general business development. He is a member of the Audit Committee and of the Remuneration Committee and part of the Finance team.

### **Jonathan Mullins**

#### *CFO & CTO*

Jonathan Mullins has been involved in the development of a wide variety of on-line and internet services for over 20 years. He is responsible for the entire technical department of Online Blockchain and has overseen the growth of the company's technology since its early days, including the development of its proprietary service. As CFO Jonathan is head of the Finance team and chairs the Audit Committee.

### **William Louden**

#### *Non-Executive Director*

Ex-President of GE global consumer business unit with operations in Japan, the UK and Currently, Director, International Business Institute, Department Chair, International Business at Austin Community College, and Professor of Digital Media at St. Edward's University, Mr Louden has been teaching since 2002.

As an early developer and participant in online computing and a long-time interactive services industry executive, Mr Louden has over 30 years of experience in internet products and services, including electronic commerce and billing systems, interactive games, and new product design and development. He was formerly president of a GE online strategic business unit, senior vice president at Delphi Internet leading a UK Internet start-up operations for News Corp, President and COO at Preference Technologies, a public B2B Internet services company, and Founder and CEO at Peer Forward, a data mining software company.

Between 1979 and 1984 at CompuServe, Mr Louden was responsible for personal computing and communication product lines, including InfoPlex, a CompuServe commercial store and forward system, which was re-designed and developed under William as a consumer product, renamed as "EMAIL" and launched in 1981 (and subsequently trademarked by CompuServe between 1983 and 1984). Mr Louden is particularly recognised for his role in leading the development and commercialisation of multi-player games at CompuServe (and thereafter as founder of the GENie online service at General Electric), including MegaWars, the first commercial multi-player online game. Mr. Louden has provided consulting services including market entry analysis, planning, product design, operations management, and/or intellectual property evaluations for various clients including U.S. West, News Corporation, Sony, Electronic Arts, and other entertainment companies.

In due course it is expected that Mr Louden will become involved with either the Audit or Remuneration Committee.

### **Principle Seven**

#### *Evaluation of Board Performance*

Internal evaluation of the Board, the Committees and individual Directors is to be undertaken in the form of appraisal and discussions to determine the effectiveness and performance as well as the Directors' continued independence.

### **Principle Eight**

#### *Corporate Culture*

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. That culture will also greatly impact the way that employees behave.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company.

A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

### **Principle Nine**

#### *Maintenance of Governance Structures and Processes*

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

#### *Audit Committee*

During the financial year ended 30 June 2021 the Audit Committee has been chaired by Jonathan Mullins. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee has unrestricted access to the Company's auditors and auditors have the opportunity to discuss accounting and control issues with senior finance staff.

#### *Remuneration Committee*

The Remuneration Committee currently comprises Clement Chambers and Michael Hodges. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

#### *Nominations Committee*

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

#### *Non-Executive Directors*

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

### **Principle Ten**

#### *Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website, [www.onlineblockchain.io](http://www.onlineblockchain.io), and via Clement Chambers, CEO, who is available to answer investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.