

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire share capital, issued and to be issued pursuant to the Placing, of Quantum Base Holdings plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM at 8.00 a.m. on 4 April 2025.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names appear on page 26 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

Quantum Base Holdings plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 12502915)

**Placing of 16,503,012 new Ordinary Shares at 23.1 pence per share and
RetailBook Offer of up to 4,329,004 new Ordinary Shares
and
Admission to trading on AIM**

Nominated Adviser
**STRAND
HANSON**

Sole Broker and Sole Bookrunner
Cavendish

Share capital immediately following Admission

<i>Number</i>	<i>Issued and fully paid Ordinary shares of</i>	<i>Amount</i>
Up to 64,080,319	£0.001 each	Up to £64,080

Strand Hanson Limited ("**Strand Hanson**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company and Cavendish Capital Markets Limited ("**Cavendish**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Strand Hanson or Cavendish or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Strand Hanson's responsibilities as the Company's

nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Strand Hanson and Cavendish by the FSMA or the regulatory regime established thereunder, Strand Hanson and Cavendish do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Strand Hanson and Cavendish accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been and will not be registered under the US Securities Act 1933, as amended nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, New Zealand, South Africa, Japan or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge on the Company's website, www.quantumbase.com.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for or purchase Placing Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Strand Hanson or Cavendish or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, Strand Hanson or Cavendish or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, Strand Hanson or Cavendish or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Strand Hanson, Cavendish or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors, Strand Hanson or Cavendish.

None of the Company, the Directors, Strand Hanson or Cavendish or any of their respective representatives makes any representation to any subscriber or purchaser of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Strand Hanson, Cavendish and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by Strand Hanson, Cavendish or any of their respective affiliates acting as investors for their own accounts. Neither Strand Hanson nor Cavendish intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Strand Hanson, Cavendish and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. Strand Hanson, Cavendish and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

Notice to prospective investors in the United Kingdom

This document is not a Prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”) or Prospectus Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**UK Prospectus Regulation**”). No Ordinary Shares have been offered or will be offered pursuant to the Fundraising to the public in the United Kingdom prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the FCA, except that Ordinary Shares may be offered to the public at any time:

- (1) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- (3) in any other circumstances falling within section 86 of FSMA,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to section 85 of FSMA and each person (other than any RetailBook Offeree) who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2 of the UK Prospectus Regulation.

For these purposes, the expression “an offer to the public” in relation to any offer of Ordinary Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares.

This Admission Document is being distributed to, and is directed only at (i) the RetailBook Offerees (for the purposes of the RetailBook Offer); and (ii) such other persons in the United Kingdom who are “qualified investors” (within the meaning of Article 2 of the UK Prospectus Regulation) and (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**FPO**”); and/or (b) who are high net worth entities falling within Article 49(2)(a) to (d) of the FPO; and (iii) other persons to whom it may otherwise be lawfully distributed (each a “**relevant person**”). Any investment or investment activity to which this Admission Document relates is available only to relevant persons and will be engaged in only with such persons. Persons who are not relevant persons should not rely on or act upon this Admission Document.

This Admission Document has been approved by RetailBook for the purposes of section 21 of FSMA and the terms of such approval limit the use of this Admission Document as so approved for the purposes of the RetailBook Offer only.

Use of this Admission Document other than in accordance with this restriction is not permitted and may contravene FSMA.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (“**EEA**”) (each a “**Member State**”), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or otherwise in accordance with the Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- (1) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Member State; or
- (3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 21 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the Prospectus Regulation.

None of the Company, Strand Hanson or Cavendish has authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression “**an offer to the public**” in relation to any offer of Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, and the expression “**Prospectus Regulation**” means Regulation 2017/1129/EU.

Forward looking statements

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words “envisage”, “projects”, “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board’s expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of

the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

The report on the Historical Financial Information included in Section A “*Accountant’s report on the Historical Financial Information of the Group*” or Part III “*Financial Information*” of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom and the related consent to its inclusion in this document appearing in Part III “*Financial Information*” of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, the financial information in this document, including the Historical Financial Information for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024 and the Interim Financial Information for the six-month period ended 31 October 2024 has been prepared in accordance with UK-adopted international accounting standards (“**IFRS**”).

Non-IFRS information

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA. EBITDA results from Group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company’s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. EBITDA alone does not provide a sufficient basis to compare the Company’s performance with that of other companies and should not be considered in isolation or as a substitute for operating profit, revenue or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In the document, references to “sterling”, “£”, “penny”, “pence” and “p” are to the lawful currency of the United Kingdom, references to “€” and “euros” are to the lawful currency of certain of the countries within the EU and references to “\$” are references to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

Market, industry and economic data

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group’s position therein, are based on the Group’s records. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

This document includes market share and industry data and forecasts that the Group has obtained from industry publications, surveys and internal company sources. As noted in this document, the Company has obtained market and industry data relating to the Group’s business from providers of industry data and has obtained market data from the following reports:

1. Frontier Economics. (n.d.). *International Trade – Will piracy make us walk the plank?* Retrieved from Frontier Economics.
2. Han, H., Nam, S., Seo, J., Lee, C., Kim, H., Bradley, D. D. C., Ha, C.-S., & Kim, Y. (2015). *Broadband All-Polymer Phototransistors with Nanostructured Bulk Heterojunction Layers of NIR-Sensing n-Type and Visible Light-Sensing p-Type Polymers*. *Scientific Reports*, 5, 16457. Retrieved from Nature.
3. Cao, Y., Robson, A. J., Alharbi, A., Roberts, J., Woodhead, C. S., Noori, Y. J., Bernardo-Gavito, R., Shahrjerdi, D., & Young, R. J. (2017). *Optical identification using imperfections in 2D materials*. *2D Materials*, 4(4), 045021. Retrieved from IOP Science.
4. Fong, M. J., Woodhead, C. S., Abdelazim, N. M., Abreu, D. C., Lamantia, A., Ball, E. M., Longmate, K., Howarth, D., Robinson, B. J., Speed, P., & Young, R. J. (2022). *Using intrinsic properties of quantum dots to provide additional security when uniquely identifying devices*. *Scientific Reports*, 12, 20596. Retrieved from Nature.
5. McGrath, M. (2015, November 10). *Climate change: Global emissions ‘flatline’ in 2014*. BBC News. Retrieved from BBC.
6. Professor Robert Young speaking on Sky News (2018) (Video). YouTube. Retrieved from YouTube.
7. Quantum Base. (2020, August 18). *Goodbye Passwords, Hello ‘Unbreakable’ Quantum IDs Containing 1,000 Trillion Atoms*. Forbes. Retrieved from Forbes.
8. Kurti, M., von Lampe, K., He, Y., Delnevo, C., & Qin, D. (2019). *Innovations in counterfeiting tax stamps: a study of ultraviolet watermarks in a sample of discarded New York City packs*. *Tobacco Control*, 28(4), 469-473. Retrieved from BMJ.
9. Bernardo-Gavito, R., Bagci, I. E., Roberts, J., Sexton, J., Astbury, B., Shokeir, H., McGrath, T., Noori, Y. J., Woodhead, C. S., Missous, M., Roedig, U., & Young, R. J. (2017). *Extracting random numbers from quantum tunnelling through a single diode*. *Scientific Reports*, 7, 18161. Retrieved from Nature
10. <https://www.linkedin.com/pulse/quantum-random-number-generator-rng-market-sno7f/>

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, Strand Hanson and Cavendish have not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Strand Hanson or Cavendish for the accuracy or completeness of any market or industry data which is included in this document.

No incorporation of website information

The contents of the Company’s website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

Notice to Distributors

Solely for the purposes of Paragraph 3.2.7R regarding the responsibilities of UK Manufacturers under the Product Governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in UK Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by UK Product Governance Requirements (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

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DIRECTORS, SECRETARY AND ADVISERS

Existing Directors	Mark Fahy (<i>Non Executive Chairman</i>) Thomas Taylor (<i>Chief Executive Officer</i>) Robert Young (<i>Chief Scientific Officer</i>)
Proposed Directors	David Broadbent (<i>Chief Financial Officer</i>) Lucy Tarleton (<i>Non Executive Director</i>) Adrian Collins (<i>Non Executive Director</i>)
Registered Office	Alpha House 4 Greek Street Stockport Cheshire SK3 8AB
Head Office	Physics Department Lancaster University Bailrigg Lancaster LA1 4YW
Group website	www.quantumbase.com
Proposed Group Secretary	David Broadbent
Nominated Adviser and Financial Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Corporate broker and sole bookrunner	Cavendish Capital Markets Limited 1 Bartholomew Close London EC1A 7BL
Legal advisers to the Company	Fieldfisher LLP 17th Floor No.1 Spinningfields 1 Hardman Street Manchester M3 3EB
Patent attorneys to the Company	Appleyard Lees IP LLP 15 Clare Road Halifax HX1 2HY
Legal advisers to Strand Hanson and Cavendish	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Auditor and Reporting Accountant	Crowe U.K. LLP 2nd Floor 55 Ludgate Hill London EC4M 7JW

**Financial public relations
advisers**

BlytheRay
4-5 Castle Court
London
EC3V 9DL

Registrars

Share Registrars Limited
3 The Millennium Centre
Crosby Way
Farnham
Surrey
GU9 7XX

RetailBook

RetailBook Limited
10 Queen Street Place
London
EC4R 1AG

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
“Appleyard Lees”	Appleyard Lees, patent attorneys to the Company
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors and proposed directors of the Company, whose names are set out on page 26 of this document
“Call-off Agreement”	the first call-off agreement that covers the solution integration project to be implemented for Customer #1, entered into by QBL and Customer #1 simultaneously with the Customer #1 Contract
“Cavendish”	Cavendish Capital Markets Limited, the Company’s corporate broker and sole bookrunner
“City Code”	the City Code on Takeovers and Mergers published by the Panel from time to time
“Company” or “Quantum Base”	Quantum Base Holdings plc, a public limited company incorporated under the laws of England and Wales
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“Customer #1”	a customer of the Company that currently cannot be named due to non-disclosure agreement
“Customer #1 Contract”	the framework agreement relating to Quantum Base’s non-cloneable marking solution and software dated 18 October 2024 between (1) Customer #1 and (2) QBL
“DTRs”	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIS”	the enterprise investment scheme, as particularised in Part VI of the Income Tax Act 2007

“EIS Relief”	relief from UK tax under EIS
“EIS/VCT Placing”	the conditional placing at the Placing Price of the EIS/VCT Placing Shares by either Cavendish pursuant to the Placing Agreement or RetailBook pursuant to the RetailBook Offer, as the case may be
“EIS/VCT Placing Shares”	up to 15,615,428 new Ordinary Shares to be issued and allotted to VCTs and certain other persons seeking to invest in “eligible shares” for the purposes of EIS
“EMI”	enterprise management incentives, under the terms of the EMI code as defined in section 527 of the Income Tax (Earnings and Pensions) Act 2003
“EMI Plan”	the Company’s existing enterprise management incentives plan
“Enlarged Share Capital”	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales
“Executive Directors”	the executive directors of the Company as at the date of Admission, namely Thomas Taylor, David Broadbent and Robert Young
“Existing Ordinary Shares”	the 43,248,304 Ordinary Shares in issue on the date of this document
“Existing Shareholders”	holders on Ordinary Shares on 31 March 2025, being the last practicable date prior to publication of this document
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Placing”	the conditional placing of the Non-Eligible Shares by either Cavendish pursuant to the Placing Agreement or RetailBook pursuant to the RetailBook Offer, as the case may be
“Group”	the Company and its subsidiary undertakings and “Group Company” should be interpreted accordingly
“Historical Financial Information”	the audited, consolidated historical financial information of the Group for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024, as set out in Section B <i>“Historical Financial Information of the Group”</i> of Part III <i>“Financial Information”</i> of this document
“Interim Financial Information”	the unaudited, consolidated interim financial information of the Group for the six-month period ended 31 October 2024, together with comparatives for the six-month period ended 31 October 2023, as set out in Section C <i>“Interim Financial Information of the Group”</i> of Part III <i>“Financial Information”</i> of this document
“Intermediaries”	financial intermediaries authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom
“HMRC”	HM Revenue and Customs

“IAS”	UK adopted International Accounting Standards
“IFRS”	UK-adopted international financial reporting standards
“IP”	intellectual property
“Lock-in Agreements”	the lock-in agreements entered into in accordance with the requirement of Rule 7 of the AIM Rules and dated 31 March 2025 and made between the Company, Strand Hanson, Cavendish and each of the Locked-in Shareholders, further details of which are set out in paragraph 13.2 of Part V
“Locked-in Shareholders”	Mark Fahy, Thomas Taylor, Robert Young, David Howarth, Adrian Collins, Phillip Speed, Lucie Watson and Lancaster University Business Enterprises Ltd, being Shareholders who are required to enter into a lock in pursuant to Rule 7 of the AIM Rules
“London Stock Exchange”	London Stock Exchange plc
“New Shares”	the Placing Shares and the Retail Shares
“Non-Eligible Shares”	up to 9,545,592 new Ordinary Shares proposed to be issued by the Group to Placees pursuant to the General Placing
“Non-Executive Directors”	the non-executive directors of the Company as at the date of Admission, namely Mark Fahy, Lucy Tarleton and Adrian Collins
“Non Rule 7 Lock-in Agreements”	the lock-in agreements each dated 31 March 2025 and made between the Company, Strand Hanson, Cavendish and respectively each of the Non Rule 7 Locked-in Shareholders, further details of which are set out in paragraph 13.2 of Part V
“Non Rule 7 Locked-in Shareholders”	Alan John Patterson Gilchrist, Christopher Blackburn, Craig Chaplin, Exilium Ventures Holdings Ltd., Exilium Ventures L.P. Ltd, John Dave Hendry Pickup, Peter Wild, Robert Charles Shorrocks, Simon Birney, Tim Collins, David McCracken, Jennifer McCracken, Wendy Wild, being shareholders who either on their own, or with associated parties will hold over 1 per cent. but less than 10 per cent. of the Enlarged Share Capital and who are not otherwise required by Rule 7 of the AIM Rules to be locked in
“Official List”	the Official List of the FCA
“Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placees”	subscribers for the Placing Shares
“Placing”	the EIS/VCT Placing and General Placing together but only to the extent undertaken by Cavendish pursuant to the Placing Agreement and excluding to the extent undertaken by RetailBook pursuant to the RetailBook Offer
“Placing Agreement”	the conditional agreement dated 31 March 2025 and made between the Company, Cavendish, the Directors relating to the Placing, further details of which are set out in paragraph 13.1 of Part V of this document
“Placing Price”	23.1 pence per Placing Share

“Placing Shares”	together, the EIS/VCT Placing Shares and the Non-Eligible Shares, to the extent placed by Cavendish pursuant to the Placing Agreement but excluding either those EIS/VCT Placing Shares or Non-Eligible Shares as the case may be placed by RetailBook pursuant to the RetailBook Offer
“Pro Forma Financial Information”	the unaudited pro forma Statement of Net Assets of the Group as at 31 October 2024, as included in Section E “ <i>Pro Forma Financial Information</i> ” of Part III “ <i>Financial Information</i> ” of this document
“Prospectus Regulation”	Prospectus Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended
“QBL”	Quantum Base Limited, a private limited company incorporated under the laws of England and Wales and a subsidiary of the Company
“QCA Code”	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
“RetailBook” and “RetailBook Offer Co-ordinator”	Retail Book Limited, a company incorporated in England and Wales with registered number: 14087330
“RetailBook Offer”	the offer of up to 4,329,004 new Ordinary Shares to the Intermediaries for onward distribution to retail investors in the United Kingdom, further details of which are set out in paragraphs 14 of Part V
“RetailBook Offerees”	the Intermediaries’ clients, from whom the Intermediaries may determine to accept applications in the RetailBook Offer, in each case resident in the U.K.
“Retail Shares”	up to 4,329,004 new Ordinary Shares to be issued and allotted by the Company pursuant to the RetailBook Offer
“Shareholder”	a holder of Ordinary Shares
“Speed Concert Party”	for the purposes of the City Code, together, Phillip Speed, Simon Birney, Mark Hargreaves, Richard Wilson, Mike Harris, Ian Boydon, Gillian Whitworth, Bob Shorrocks, Stewart Hyde, Mark Packman, Charlie Yates, David Newns, Daniel Prince, Allan Cox, Vange Kourentis, Bev Jordan, Martin Ford and Craig Chaplin, further details of which are set out in paragraph 24 of Part I of this document
“Strand Hanson”	Strand Hanson Limited, the Company’s nominated and financial adviser
“Subscription Agreement”	the subscription agreement dated 31 March 2025 between the Company (1) and Thomas Taylor (2) pursuant to which Thomas Taylor subscribed for the Subscription Shares at the Placing Price, the subscription monies being satisfied by satisfaction of the Taylor Loan, further details of which are set out in paragraph 15 of Part V of this document
“Subscription Shares”	the 812,999 Ordinary Shares subscribed for by Thomas Taylor pursuant to the Subscription Agreement

“Taylor Loan”	the loans made by Thomas Taylor to the Company on various dates, of which the sum of £187,802.90 (inclusive of all interest) remained, at the time the Subscription Agreement was entered into, outstanding
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK GAAP”	UK generally accepted accounting principles
“UK MAR”	the UK Market Abuse Regulation, which is the retained UK law version of the EU Market Abuse Regulation (596/2014) which has applied in the UK since the end of the Brexit transition period
“uncertificated” or “in uncertificated form”	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“VCT”	venture capital trusts
“VCT Legislation”	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
“VCT Relief”	relief from UK tax under the VCT Legislation
“Warrants”	warrants granted by the Company to Strand and Cavendish to subscribe for Ordinary Shares details of which are set out in paragraph 13.1(e) of Part V of this document
“Wild and McCracken Concert Party”	for the purposes of the City Code, together, Peter Wild, Christopher Blackburn, Mark Fahy, Wesley Seale, David McCracken, Verity Bowcock, Lucie Watson, Wendy Wild, Exilium Ventures L.P. Ltd, Thomas Taylor, Sacha Dover, Exilium Ventures Holdings Ltd, Tim Collins, Andrew Boyd, Roger Magill, Henry Magill, Patrick Deeney and Jennifer McCracken, further details of which are set out in paragraph 24 of Part I of this document
“Young Concert Party”	for the purposes of the City Code, together, Robert Young, Utz Roedig, Chris Woodhead, Jonathan Roberts, Yas Noori and Ramon Gavito, further details of which are set out in paragraph 24 of Part I of this document

PLACING STATISTICS

Placing Price	23.1 pence
Number of Existing Ordinary Shares	43,248,303
Total number of Placing Shares	16,503,012
Number of Retail Shares	Up to 4,329,004
Number of New Shares	Up to 20,832,016
Number of Ordinary Shares in issue immediately following Admission	Up to 64,080,319
Percentage of Enlarged Share Capital represented by the New Shares ¹	Up to 32.5%
Market capitalisation of the Company at the Placing Price on Admission ¹	£14.8 million
Gross proceeds of the issue of the Placing Shares receivable by the Company	£3.8 million
Gross proceeds of the issue of the Retail Shares receivable by the Company	up to £1.0 million
ISIN	GB00BTXYPJ53
SEDOL	BTXYPJ5
AIM TIDM	QUBE
LEI	9845002F5A9EY5AM4B40

1. Assuming issuance of all the Retail Shares

EXPECTED TIMETABLE OF PRINCIPAL EVENTS¹

Publication of this document	1 April 2025
Launch of RetailBook Offer	1 April 2025
Close of RetailBook Offer	3 April 2025
Announcement of results of RetailBook Offer	3 April 2025
Issue of Placing Shares and Retail Shares	4 April 2025
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 4 April 2025
CREST accounts credited by	as soon as reasonably practicable on the morning of 4 April 2025
Despatch of definitive share certificates, where applicable	within 10 business days of Admission

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company, Strand Hanson and Cavendish.

PART I

INFORMATION ON THE GROUP

1. Overview

Introduction

Quantum Base is a UK-headquartered quantum science business founded as QBL in 2013 by Professor Robert Young and Phillip Speed as a spin-out from Lancaster University.

The Group was established to commercialise Professor Young's discoveries in the field of quantum physics. Quantum Identities (Q-ID[®]s) are the first innovation to be commercialised and provide near unbreakable and non-replicable authenticity tags that the Directors are confident are superior in their efficacy to existing solutions such as QR codes, taggants and holograms. Q-IDs are based on Professor Young's discovery that the randomness and uniqueness of the optical properties of quantum materials, for example, quantum dots, can be measured with a camera to create "fingerprints" that are virtually impossible to replicate or clone. This creates a secure tag that can be applied to a vast array of products at low cost, to verify their authenticity using an everyday smartphone and the Quantum Base's software app. Since their invention in 2015, the Group has continued to create, develop and patent the Q-ID commercial innovation.

Q-ID harnesses the inherent and unique imperfections that exist in materials at an atomic level. These imperfections can be measured when excited by light, such as with the flash of a smartphone, and captured, creating a database of unique fingerprint-like identifiers. This enables Q-ID to be authenticated using a standard smartphone camera and flash, by capturing a series of images with various levels of photoluminescence from the Q-ID. Information extracted from each Q-ID through this process is linked back to a database which authenticates the product to which the Q-ID was applied.

The initial practical application of Q-IDs is through inks, which are applied to the surface of the products that customers wish to authenticate. The Company has developed a solution that integrates with the most common printing methods and substrates. These inks can be applied to all of the products in the Company's initial target markets with minimal intervention to existing production processes and in a manner that is non-intrusive to the end-product. Certain applications allow for the inks to be entirely covert within a customer's existing branding.

The Company's commercialisation drive is based on a "design and licence" model where Quantum Base will initially work with a customer to establish their needs, design the most suitable application for their products and then licence its technology on a project specific basis. In its first stage of commercialisation, the Company has signed two framework agreements with printing partners, which contain pre-agreed terms to allow the partners to market and sell the Company's Q-ID technology to their clients. Under Customer #1 Contract, a major security printer, the Company has signed the Call-off Agreement to apply its Q-ID technology to tax stamps for a government customer. This first agreement, further details of which are set out at paragraph 13.8 of Part V, is part of the wider Customer #1 Contract with pre-agreed terms for the potential supply of Q-IDs to all tax stamps that Customer #1 prints annually. Each additional tax stamp programme under Customer #1 Contract will be agreed individually in further call off agreements. The other framework agreement is signed with Signe, a Madrid based security printer, specialising in the document security space. Scoping is currently underway for the first potential call off contract under this framework agreement. The Company intends to access further customers using channel partnerships across a wide range of verticals.

The Directors believe that the Q-ID technology has the potential to create a new global standard in authentication that will significantly mitigate global counterfeiting – a global problem that is estimated to cost businesses and tax authorities over \$2.8 trillion in lost revenue per year¹.

¹ <https://www.frontier-economics.com/uk/en/news-and-insights/case-studies/case-study-i2844-international-trade-will-piracy-make-us-walk-the-plank/>

2. Key Strengths

The Directors believe the success of Quantum Base and the expectations for its future growth, are founded on the following key strengths:

Secure Technology

The technology underpinning Q-ID harnesses the randomness that is inherent at nanometre length scales; the atomic composition of molecules and how the interaction between molecules depends on their proximity. The sheer volume and variation of the interactions that occur at nanoscale means that there is a virtually infinite number of combinations that can be created. Q-ID is able to snapshot these interactions by measuring photoluminescence from the materials used to create each Q-ID. This means that the “tag” created at this level cannot be photocopied, unlike QR codes for instance, and are practically impossible to replicate using even the most advanced available technology.

Ease and Speed of Integration

The initial application of Q-ID is through printed features, using inks with small proportional additives of quantum materials, onto specific products or labels. The inks used are readily available at industrial scales, and modified using Quantum Base’s patented application of small fluorescent molecules in a proven method. The inks can be used on existing printing lines with minimal intervention and can be produced and registered as quickly as 1000 Q-IDs per second on a single manufacturing line.

The authentication process to identify printed tags is undertaken using existing and unmodified smartphone technology coupled with the Quantum Base software, either through an app or via a software development kit (SDK). This process does not require a change of existing consumer behaviour, or require any further hardware or infrastructure, avoiding disruption. The SDK provision of the Company’s software enables integration into third party mobile apps.

Vast Applicable Market and Versatile Product

Counterfeiting is estimated to cost businesses and tax authorities over \$2.8 trillion in lost revenue per year. Q-IDs can be applied to almost any print line and in certain cases can be entirely non-intrusive to a product’s existing design meaning that they can be utilised in a vast number of end markets.

Beyond the initial application of tax stamps, the Directors are confident that Q-IDs can be applied to postage stamps, currency, apparel, luxury goods, pharmaceuticals and more.

Proven and Protected Technology

Q-ID technology and its application processes have undergone rigorous adversarial and competitive testing from the two existing printing partners and from various other potential clients. In particular, in order to secure the current contract with Customer #1, Q-ID was subject to significant external adversarial testing on prototype tax stamps; Quantum Base’s authentication app correctly identified all counterfeit tax stamps.

The science underpinning this technology was spearheaded by research led by Prof. Young. This has undergone peer review, been published in leading open-access science journals, and been well-received by the scientific community. The paper, titled “Using Quantum Confinement to Uniquely Identify Devices”³ demonstrated how an effect known as quantum confinement can be leveraged to translate atomic-scale imperfections in nanoscale systems into easily measurable signals for security applications. A follow-on paper, “Optical identification using imperfections in 2D materials”⁴, extended the concept to optical measurements, and a further paper, “Using intrinsic properties of quantum dots to provide additional security when uniquely identifying devices”⁵, showed how multi-dimensional measurements using a standard smartphone can address cloning attacks. Key results from this research, and Quantum Base’s R&D activities, have translated into a broad patent portfolio protecting the intellectual property surrounding Q-ID, which is detailed in paragraph 8 of Part I of this document.

³ [nature.com/articles/srep1645](https://www.nature.com/articles/srep1645)

⁴ iopscience.iop.org/article/10.1088/2053-1583/aa8b4d

⁵ [nature.com/articles/s41598-022-20596-8](https://www.nature.com/articles/s41598-022-20596-8)

Gross Profit Margins

The ink bases used to print Q-IDs are industry-standard and readily available. Small proportions of low-cost additives are incorporated into these bases before printing using existing processes. This makes Q-IDs relatively inexpensive to produce. Aside from these ink costs, other costs such as cloud computing and client support costs are either low or can be passed onto clients. Gross profit margins are volume dependent, but the Directors believe that they will exceed 90 percent on many future projects.

Strong Management Team

The Company benefits from an experienced management team with a diverse background suitable for its needs from a scientific, commercial, sales and corporate finance perspective.

3. History and Background

In 2012, Prof. Robert Young (then Dr Robert Young) was awarded a prestigious “University Research Fellowship” by The Royal Society to support his pioneering research in quantum security devices which Lancaster University considered would lead to inventions with vast commercialisation potential and so, in 2013, Prof. Young partnered with Phillip Speed, an entrepreneur introduced to Prof. Young through Lancaster University and established QBL.

The Group raised its first capital from external investors in 2015 and has, in total previously raised £3 million from external investors. In 2014, QBL reached an agreement with Lancaster University to ensure that the IP applicable to the Q-ID commercial innovation was owned by QBL. In 2015, QBL invented and patented its first atom-sensitive authentication devices, which were the precursor to today’s Q-ID product. By 2017, the Group had developed and tested its first prototypes culminating in a showing at the Royal Society’s Summer Exhibition in London and coverage in over 100 press outlets including BBC News⁶, Sky News⁷, The Times (in print) and Forbes⁸.

From 2017 to the present, the Group has focused on developing Q-IDs to improve their application for real-world use cases. Over time this has resulted in a number of improvements and the development of patented inventions. Examples include advancements that remove the need for additional hardware to be used with the phone’s camera, and improving both the cost and safety of the quantum materials used in printing. These product developments have resulted in a solution that early in 2024 undertook production scaling and large volume testing; leading to the first large-scale commercialisation of the product with Customer #1.

4. Market Overview

Counterfeiting is estimated to cost businesses (not including tax authorities) over \$1 trillion in lost revenue globally per year. In particular:

- Brands and luxury goods are estimated to lose over \$600 billion per year;
- 140 billion tax and revenue stamps are produced annually with multiple, publicly available examples of counterfeit issues across the globe;
- Counterfeiting costs the technology industry alone over \$250 billion per year and can lead to critical failures;
- It is estimated that counterfeiting of drugs costs the pharmaceuticals industry over \$200 billion per year and leads to the loss of approximately 1 million lives globally.

⁶ [bbc.co.uk/news/science-environment-34780787](https://www.bbc.co.uk/news/science-environment-34780787)

⁷ [youtu.be/qw6HVGHOPRQ](https://www.youtube.com/watch?v=qw6HVGHOPRQ)

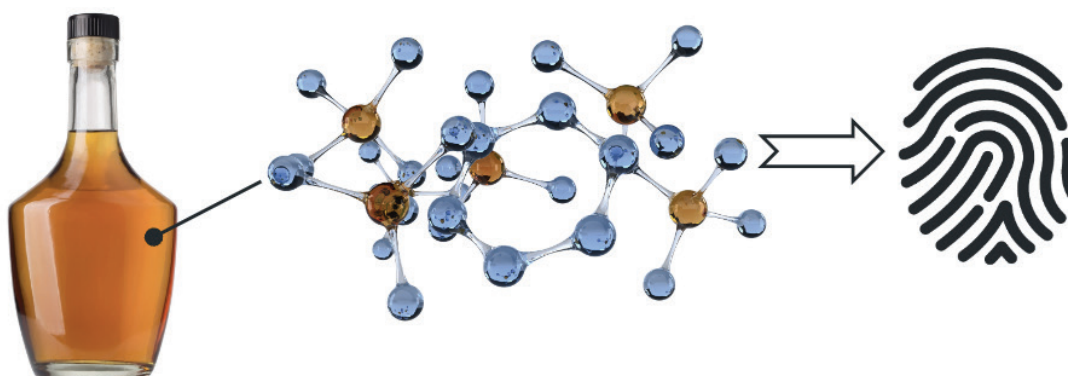
⁸ [forbes.com/sites/daveywinder/2020/08/18/goodbye-passwords-hello-unbreakable-quantum-ids-containing-1000-trillion-atoms-quantum-base-qid-lancaster-university/](https://www.forbes.com/sites/daveywinder/2020/08/18/goodbye-passwords-hello-unbreakable-quantum-ids-containing-1000-trillion-atoms-quantum-base-qid-lancaster-university/)

There are currently five key alternative commercial methodologies seeking to mitigate these losses and each is imperfect:

1. **Holograms:** Holographic security features consist of reflective surfaces engineered at the micron scale to reproduce an image when illuminated with light. They are often captured using lasers to record a three-dimensional image onto a thin film, though more sophisticated methods can be employed. When they were first introduced holograms were considered to be a robust anti-counterfeiting measure, as the technology required to produce them, or reproduce them, was prohibitively expensive for most counterfeiters. This is no longer true, and it has driven hologram manufacturers to develop more complex and elaborate technologies that are difficult for an untrained user to verify. Additionally, the reflective nature of holograms makes them difficult to read reliably with a smartphone camera, and the technology underpinning them makes it difficult to serialise holograms. Producing holograms is a multi-step process, making them relatively expensive.
2. **Print uniqueness:** This class of security markings base identification on print imperfections and/or complicated engineered designs on printed materials that only exist on the original. These solutions can often be counterfeited with high quality replicas, are not particularly robust to wear-and-tear, and require high-resolution reading that is not readily available to the average consumer or manufacturer. This latter point also makes machine reading highly dependent on the environment that the markings are read in.
3. **Machine learning:** Images of genuine products, or crops of specific regions from them, can be used to train a machine learning model what a genuine product 'should look like'. This relies on algorithms to analyse and detect patterns that distinguish genuine products from counterfeit ones, often by scanning product labels, packaging or the product itself. This requires complex training and relatively expensive equipment. Environmental factors can lead to significant failure rates, especially as a product ages and becomes worn.
4. **Serialisation:** The assignment of traceable identifiers such as serial numbers, QR codes or barcodes to individual products linked to a database recording authenticity. The identifiers can be copied using traditional photocopying methods and may be susceptible to random number generator and machine learning attacks where patterns in the generation of the identifiers can be ascertained enabling counterfeiters to assume the next iteration of the identifier, replicate it and place it on a product to give it the veneer of authenticity.
5. **Taggants:** Microscopic particles or chemical markers embedded into products. These cannot easily be serialised and often require dedicated readers and machinery (such as a UV light) to detect. Taggants are also susceptible to replication by reverse engineering of the specific taggant compound.

5. Q-ID Technology

Research into physical unclonable functions (PUFs) began in the early 2000s. The basic premise was to use the inherent physical variations that occur during manufacturing processes to create unique, fingerprint-like identifiers. These variations, such as differences in the microstructure of materials, cannot be precisely replicated, even by the same manufacturing process.



However, while practically unique, PUFs are potentially vulnerable to replication and simulation for several reasons. While they rely on physical variations, some can exhibit patterns that can be learned and predicted

over time or replicated via “side-channel attacks” that learn how a PUF generates its responses. In addition, some PUFs can create inconsistent responses due to environmental factors like temperature or ageing.

Q-ID technology introduced two key innovations to this field. The first shrank the concept; to use atom-scale variations, using simple quantum effects that are sensitive to changes at these length scales, to fingerprint performance variations that can be measured easily. Counterintuitively, the changes at a molecular level can have a more discernible impact on the properties that can be viewed. For example, while measuring the width of a set of human hairs the various hairs being measured will still ostensibly be identifiable as human hairs and you will need a sophisticated tool such as a microscope to identify the varying widths. Whereas changes in the widths of molecules, which are nearly 100,000 times smaller, will lead to stark variations in the colour of light that they emit. This makes it easier to detect these changes, even through the use of low-cost verification devices such as a standard smartphone.

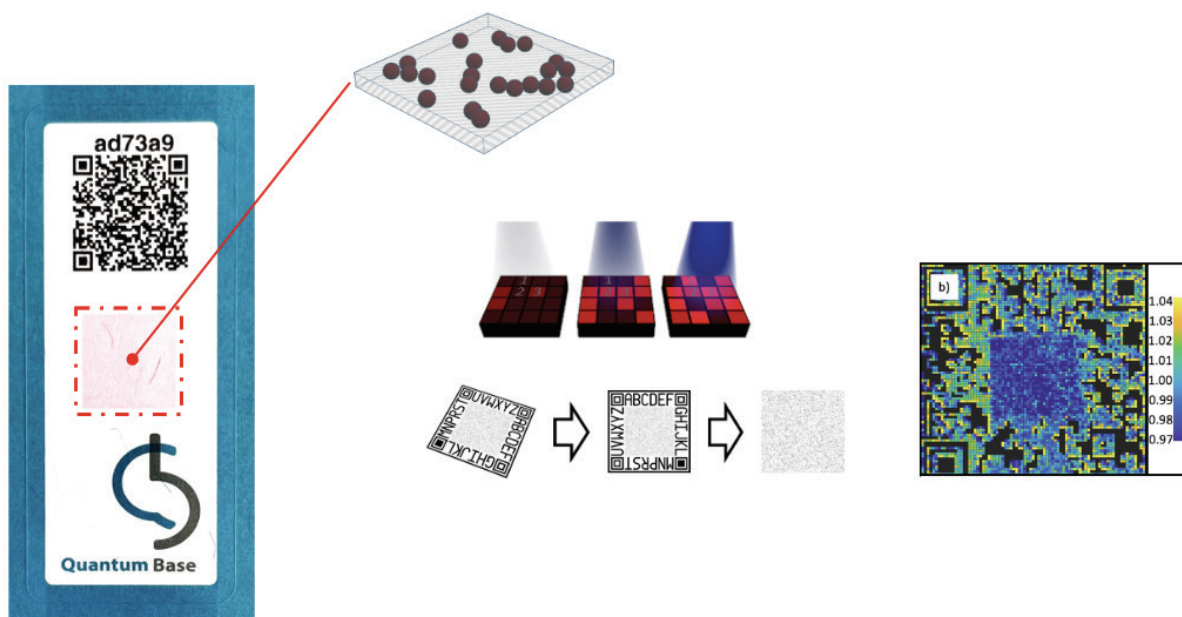
The practical benefits of this can be assessed when comparing Q-IDs with authentication holograms. A counterfeit hologram may look the same as a real one to the naked eye yet differences in the manufacturing process can be assessed but only using sophisticated microscopes in a laboratory setting. On the other hand, the molecules used in Q-IDs emit very different light patterns when altered and these can be identified using software that can be easily integrated to existing smartphone technology. The greater impact of the differences caused by alterations at the molecular level make authentication easier in the real-world.

The second important innovation addresses the ‘replay-attack’ vulnerability of authentication devices. A nefarious party might try to fool an authentication system by copying the response from a genuine security tag and replaying this to the reading device in the future. Q-ID addresses this attack vector by measuring the behaviour of the quantum material used to create the security tag, which are not present in a clone. A modification to the PUF is made, using additional measurement parameters to verify its authenticity. In a practical implementation, a Q-ID consists of a random array of small fluorescent molecules deposited in a polymer. The flash on a smartphone is used to excite these fluorescent molecules, and the camera is used to measure the photoluminescence and establish a unique fingerprint for each Q-ID. The extra measurement dimensions used to prevent replay attacks are derived by assessing the optical properties of these fluorescent molecules, and how they differ from those of larger particles via quantum mechanical effects governing their behaviour. This makes the Q-ID formed from a quantum ink non-trivial to clone or simulate. This fingerprint or tag can then be read using a non-modified smartphone with its built-in flash providing the molecular excitation. The scientific paper “Using intrinsic properties of quantum dots to provide additional security when uniquely identifying devices”⁹ explains one method of implementing this, for Q-IDs based on quantum dots, though the processes used for fluorescent molecules are similar.

In simpler terms, Q-ID technology has four phases of implementation:

1. The Q-ID tags are printed in bulk, using Quantum Base’s quantum active ink; a standard off-the-shelf base lacquer with a small percentage additive of quantum material;
2. After printing using standard processes, the tags are imaged in batches on the production line, with each Q-ID image being separated and transformed into a digital fingerprint which is registered to a specific product in a database;
3. The captured image and “fingerprint” data are used to create an authentication model (including machine learning); and
4. The product to which the tag is attached can then be authenticated using the Q-ID app in a fast, multistage process in which:
 - a. The phone captures a series of images using the smartphone camera and flash;
 - b. The emission dynamics of the tag are measured; and
 - c. The authentication model confirms the presence of the “quantum ink”, and checks its unique identity against the database of fingerprints.

⁹ [nature.com/articles/s41598-022-20596-8](https://www.nature.com/articles/s41598-022-20596-8)



One of the primary benefits of the Q-ID technology is that “quantum ink” can be produced using readily available existing industrial and commercial inks, and can be inserted into existing manufacturing processes with minimal intervention. Currently, the Company has conducted print runs with clients of 30 million Q-ID tags per day.

6. Group Business Model, Commercial Overview & Strategy

The Directors believe that the Q-ID technology has potentially near universal applicability to an array of products that are susceptible to counterfeiting and forgery.

The Company’s initial focus has been on the tax stamp industry as evidenced by Customer #1 Contract. The Company is in further discussions with five producers of tax stamps with further contract wins expected over the next 12 months. Tax stamps are official labels applied to products such as tobacco, alcohol or pharmaceuticals to indicate that the appropriate taxes have been paid on them. Secondary benefits of tax stamps include safety, authenticity, and track and trace (eg: EU Tobacco Track and Trace Directive). A 2019 study of tax stamps in New York found that 23 per cent. were counterfeit¹⁰. Tax stamps currently rely on a wide mix of security features, including holograms and serialisation barcodes, with up to 15 security features present on each one. Counterfeit tax stamps are a known problem, and providers are under pressure from tax authorities to provide more secure authentication technologies to guard against forgery.

Quantum Base has entered into its first commercial contract, Customer #1 Contract under which the Company will licence the Q-ID technology for a government tax authority over the course of a five year agreement. This first contract is a framework agreement with pre-agreed terms for the potential supply of Q-IDs to all tax stamps that Customer #1 prints annually, with a combined potential revenue to the Company of £2.5M per year. Each additional tax stamp programme under Customer #1 Contract will be agreed individually in further call-off agreements.

The Directors believe that the tax stamp industry represents a strong first application for Q-ID as they are produced globally in vast quantities and the Q-ID stamp can be readily applied to existing print runs. Due to the strict regulations governing this industry, the adoption of Q-ID within it provides strong validation of legitimacy and value of the Quantum Base commercial solution.

Due to the ease with which Q-ID tags can be applied to existing authentication products, and the ability to print directly onto the products themselves, there exists a vast and varied addressable end-market as shown below:

¹⁰ <https://tobaccocontrol.bmj.com/content/28/4/469>



The Company also plans to continue innovation in the quantum security market segment and provide further products. The second potentially commercially viable invention is Q-RAND[®], a quantum random number generator, which converts the energy of electrons passing through a resonant tunnelling diode¹¹ into binary digits. The use of random numbers generated by Q-RAND increases the security of unique identifiers used for serialisation, by making the numbers impractical to predict. Q-RAND is a complementary product to Q-ID, given that many use cases of Q-ID include unique, random numbers that can't be read by humans. The quantum random number industry is estimated to be worth up to US\$280.32 million globally in 2023.¹²

7. Competitive Environment

The competitive environment can be analysed in a number of ways:

1. Traditional Solutions

Traditional anticounterfeit solutions include holograms, taggants and security inks. All of these are known to be vulnerable to counterfeit and usually cannot be verified with a mobile phone. However, in some situations, these solutions are still desirable despite their weaknesses, for instance when a hologram is a traditional visible feature on a product such as a baseball cap.

2. Serialisation and Track & Trace

QR codes and other 2D barcodes are machine readable with a mobile phone, this makes them very useful for track and trace and can be scanned by a consumer. However, all barcodes are easily photocopied and cloned, with many existing solutions giving consumers 'false positives', eg: 'authentic' result when product is in fact counterfeit.

3. Dedicated Reading Equipment

Dedicated readers and lab equipment exist that can correctly identify a genuine product from a fake, given a trained operator. This approach is both expensive, and out of the reach of consumers. A range of solutions known as 'security taggants' use small dedicated readers to read the presence of a certain molecular compound on a product, however these approaches require a dedicated reader and can be susceptible to reverse engineering.

4. Mobile Authentication

Being able to authenticate a product with a mobile phone is the current challenge that many competitors are trying to solve. Approaches include 'print uniqueness' where print imperfections are used to identify reals vs fakes, as well as 'machine learning' where images or videos are used to authenticate real goods using a machine learning algorithm. Current approaches are known to have several shortcomings such as the need for very high specification cameras for manufacturing and reading, and correspondingly high amounts of data storage required. Some taggant solutions with mobile authentication have started emerging. One is TruBrand[™], from Spectra Systems Corporation, which offers mobile solution for detecting the presence of a taggant¹³. This solution is not product-specific however, and faces the same security challenges as taggants, namely that if the taggant is cloned, the security is gone for all products protected by that taggant.

¹¹ [nature.com/articles/s41598-017-18161-9](https://www.nature.com/articles/s41598-017-18161-9)

¹² [Istatista.com/statistics/1332881/qrng-market-revenue/](https://www.statista.com/statistics/1332881/qrng-market-revenue/)

¹³ <https://www.spsy.com/products-and-services/brand-protection/trubrand/>

5. Unique Optical Response

An emerging competitive segment uses varying optical responses, such as applying diamond dust (Dust Identity) or quantum dots to a product (UbiQD). The existing applications in this segment require dedicated readers, use expensive and/or toxic materials (quantum dots are both), and cannot be applied without modification to manufacturing lines. Quantum Base's Q-IDs are an optical response type of solution, but with the benefit of using a smartphone for authentication. One competitor has emerged that utilises mobile authentication using silica crystals – TruTag. This solution is akin to a taggant using different silica crystal formulations for different product batches.

Quantum Base is, to the knowledge of the Board, the only solution that combines high levels of security, unique identification, simple implementation on manufacturing lines, scalability, low cost and authentication with a smartphone. This presents a large competitive and first mover advantage, with protected IP.

8. Intellectual Property

Quantum Base has developed a proactive strategy to identify and protect the intellectual property that it develops. It uses various forms of intellectual property protection to safeguard its technology and know-how, including patents, copyright and trademarks.

As of 25 March 2025, the date to which the report by Appleyard Lees on the patent portfolio of the Group is made up, the Group's patent portfolio is extensive, and consists of 62 patent applications, patents, and soon to be filed applications. These span 41 different innovations, including 24 for optical technologies, and 2 for electrical random number generation. 39 applications are granted or soon to grant, including 35 for optical technologies (25 actually granted), and 6 for electrical random number generation (already granted).

20 applications remain pending, for example awaiting examination, or in the process of examination, and with 1 innovation in the process of the patent drafting process (i.e. soon to be filed as a patent application).

The Group's current patent portfolio covers a wide range of related innovations, predominantly relating to optical-based authentication and identification technologies, and also to commercially related electrical random number generation technologies.

The optical-based authentication and identification technologies include a range of often and deliberately interrelated and overlapping innovations, from novel optically readable security elements, to distinct processes for making optically readable security elements, to unique methodology for reading optically readable security elements.

The electrical random number generation technologies include unique hardware and novel methodology for generating random outputs, including signals, numbers, and so on.

In terms of patent filing strategy, applications may be filed in countries or regions where strategically important. For example, applications might be filed in one or more of the United Kingdom, the United States, Europe, China and so on. The countries in which the Group seeks patent protection are selected in order to maintain a balance between the cost of protection and the value of the intellectual property.

9. Directors and Senior Management

The Board on Admission will comprise Mark Fahy as Independent Non-Executive Chairman, Thomas Taylor as Chief Executive Officer, Robert Young as Chief Scientific Officer, David Broadbent as Chief Financial Officer, Lucy Tarleton as Senior Independent Non-Executive Director and, Adrian Collins as Independent Non-Executive Director.

Mark Joseph Fahy (Independent Non-Executive Chairman, aged 52)

Mr Fahy joined the Board on 13 February 2024.

He has worked in the City of London for most of his career initially as an institutional fund manager and then for 14 years as the London Stock Exchange's Head of UK Small and Mid Cap Companies.

He has significant experience in supporting companies through the process of floating on both AIM and the official list of the FCA.

He is a senior investment manager at the British Business Bank.

Thomas (“Tom”) Robert Taylor (Chief Executive Officer, aged 38)

Mr Taylor joined the Board on 5 September 2024 having joined the Company as Chief Commercial Officer in January 2024.

He previously fulfilled a number of management roles at Made Tech Group plc before and after its AIM flotation including as Head of Sales and Central Government working with clients including HMRC, the Ministry of Justice, the Home Office, the Met Office and the DVLA.

Having originally been one of the founders of a ticketing agency in his native New Zealand, he fulfilled a number of software related roles before joining Made Tech Group plc.

David Edward Spencer Broadbent (Chief Financial Officer, aged 56)

Mr Broadbent will join the Board at Admission.

Having graduated from Durham University with a degree in Classics, he qualified as a Chartered Accountant with PricewaterhouseCoopers before working in finance and commercial roles at Provident Financial plc, IPF plc, Fairpoint Group plc, Bank North Limited, LendInvest plc and Together Personal Finance Limited.

He is currently a director of Cross Royd Consulting Limited.

Robert James Young (Chief Scientific Officer, aged 45)

Professor Young joined the Board on 10 March 2020 having been a director of the Company’s subsidiary QBL since 15 August 2014 as one of the founders.

He holds a Masters degree in Physics from the University of Oxford and a PhD in Physics from the University of Cambridge.

Having been a research scientist at Toshiba Research Europe and the Tyndall National Institute, he joined Lancaster University in 2009 and was appointed as a Professor in 2017 having also been a director of the Lancaster Quantum Technology Centre.

Lucy Constance Tarleton (Senior Independent Non-Executive Director, aged 47)

Ms Tarleton will join the Board at Admission.

Having graduated from Durham University with a degree in Modern Languages, she qualified as a Chartered Accountant with PricewaterhouseCoopers before becoming a manager in that firm’s Capital Markets Group and a corporate finance manager at Smith and Williamson.

She spent four years in the London Stock Exchange’s UK Equity Primary Markets team and then six years as a Director in PricewaterhouseCoopers’ Capital Markets Group before becoming a director of financial operations and strategy at consultants CFPro.

Adrian John Reginald Collins (Independent Non-Executive Director, aged 70)

Mr Collins will join the Board at Admission.

He has extensive experience in the fund management business having held senior roles at Gartmore, where he was Managing Director, Trustnet, Jupiter, Bestinvest and Lazard Investors. He was the executive chairman of Liontrust Asset Management from 2009 to 2019.

Mr Collins is an experienced non-executive director and currently has non-executive roles on the boards of Hargreaves Lansdown plc, LSL Property Services PLC and Logistics Development Group plc.

The Board is supported by an experienced Senior Management Team including the following individual:

Senior Management:

David Ian Howarth (Chief Technology Officer, aged 42)

Mr Howarth joined the Company from BAE Systems where he was Senior Engineering Manager responsible for performance and strategy. He is a Chartered Engineer and holds a MEng in Computer Systems. He is responsible for leading the engineering efforts to transform the Company's science into practical applications.

10. Summary Financial Information

The following financial information for the Company for the financial years ended 30 April 2022, 30 April 2023 and 30 April 2024 and the six-month period ended 31 October 2024, has been derived from the Historical Financial Information contained in Section B "*Historical Financial Information of the Group*" and the Interim Financial Information contained in Section C "*Interim Financial Information of the Group*" of Part III "*Financial Information*" of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	<i>Audited</i> Year ended 30 April 2022 (£'000)	<i>Audited</i> Year ended 30 April 2023 (£'000)	<i>Audited</i> Year ended 30 April 2024 (£'000)	<i>Unaudited</i> 6 months ended 31 October 2024 (£'000)
Revenue	–	–	–	–
Gross profit	–	–	–	–
Gross margin	–%	–%	–% ¹⁴	–%
EBITDA loss	(273)	(473)	(1,398)	(2,428)
Operating loss	(306)	(516)	(1,453) ¹⁵	(2,458)

11. Current Trading and Prospects

The Group has signed framework agreements with two security printers, with agreed terms for licensing the Company's technology to clients. The Group has to date issued invoices for approximately £16,000 (excluding VAT) pursuant to the Call-off Agreement with the first such invoice issued on 6 January 2025. The Directors anticipate that the Group will continue to invoice consistent monthly amounts under the Call-off Agreement for the remainder of the financial year. In addition, the Directors believe the Group will negotiate further call-off agreements under the Customer #1 Contract and in relation to Customer #1's annual programme of tax stamps over the next 12 months. The other framework agreement is signed with Signe, a Madrid based security printer, specialising in the document security space. Further, the Group is in advanced discussions to provide Q-IDs to several other potential Q-ID customers and expects at least four further commercial contracts in the next 12 months.

12. Reasons for Admission and the intended use of Proceeds

The Directors believe that Admission to AIM is an important step in the Company's continuing development, and the enhanced disclosure and corporate governance regime, alongside the cachet of being a London Stock Exchange quoted company will provide it with additional credibility when dealing with major corporate and governmental clients. Moreover, an Admission to trading on AIM, will allow the Group to maintain its independence as it seeks to create a new global standard in quantum security and provide the Group with greater ability to incentivise and retain key staff. In particular, the Placing and Admission will provide the Company with capital to accelerate its growth plans and strengthen its balance sheet as it seeks to expand its operations through new key hires and explore key product lines.

Furthermore, the Directors believe that the enhanced disclosure and corporate governance regime that will apply to the Group following Admission will give the Group greater credibility in its discussions with key stakeholders, in addition to broadening the Company's shareholder base and provide it with potential access to capital markets to fund future R&D and organic growth these opportunities arise.

The issue of the Placing Shares will raise net proceeds of approximately £2.5 million receivable by the Company.

The Board intends to use the net proceeds of the Placing receivable by the Company to fund its commercial development and sales initiatives in the main following areas:

£0.6 million – commercial hires

£0.2 million – product development – tax stamps

£0.1 million – product development – brand protection

£1.6 million – science and software hires

The above assumes that the Company receives proceeds only from the Placing and not the RetailBook Offer. Any proceeds from the RetailBook Offer will be applied to pursuing the Company's business plan as set out in this document and for general working capital purposes.

13. Details of the Placing, the RetailBook Offer and Admission

The Placing comprises the issue of 16,503,012 new Ordinary Shares by the Company at the Placing Price representing approximately 25.8 per cent. of the Enlarged Share Capital.

The Placing Shares to be issued by the Company pursuant to the Placing, will raise gross proceeds for the Company of up to £3.8 million (before expenses).

The Retail Shares to be issued by the Company pursuant to the RetailBook Offer, will raise gross proceeds for the Company of up to £1.0 million (before expenses). The RetailBook Offer is conditional on the Placing and Admission, but the Placing is not conditional on the RetailBook Offer.

The gross proceeds of the Placing and the RetailBook Offer will be up to £4.8 million before estimated expenses relating to the Placing and RetailBook Offer of up to £1.4 million assuming full take-up of the RetailBook Offer.

On Admission, it is expected that the Company will have a market capitalisation of approximately £14.8 million at the Placing Price.

The Company, each Director, Cavendish and Strand Hanson have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, Cavendish have conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Placing has not been underwritten by Cavendish.

EIS/VCT Placing Shares (including for the avoidance of doubt those to be issued pursuant to the RetailBook Offer) will be offered to those investors seeking to claim EIS relief in relation to their subscription and to VCTs and the Non-Eligible Shares will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The placing of the Placing Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 4 April 2025 (or such later time and/or date as Cavendish and the Company may agree, not being later than 8.00 a.m. on 30 April 2025) and not having been terminated in accordance with its terms prior to Admission. The Placing is not conditional on the RetailBook Offer.

The New Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after Admission.

The New Shares will, following their issue and assuming full take-up of the RetailBook Offer and issuance of all the Retail Shares, represent approximately 32.5 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 13.1 of Part V of this document.

14. Lock-in Arrangements

Each of the Locked-in Shareholders, who on Admission will be the holders of 28,884,423 Ordinary Shares in aggregate, representing approximately 45.08 per cent. of the Enlarged Share Capital, will be subject to lock-in arrangements under the Lock-in Agreement. Under the terms of the Lock-in Agreement, the Locked-in Shareholders have undertaken to the Company, Strand Hanson and Cavendish not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is 12 months from the date of Admission (the “**Restricted Period**”) and, for a further period of 12 months following expiry of the Restricted Period, only to dispose of their Ordinary Shares through Cavendish during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Each of the Non Rule 7 Locked-in Shareholders, who on Admission will be the holders of 9,936,700 Ordinary Shares in aggregate, representing approximately 15.51 per cent. of the Enlarged Share Capital, will be subject to lock-in arrangements under the Non Rule 7 Lock-in Agreements. Under the terms of the Non Rule 7 Lock-in Agreement, the Non Rule 7 Locked-in Shareholders have undertaken to the Company, Strand Hanson and Cavendish not to dispose of any interest in any Ordinary Shares owned by them or any connected person without the consent of Strand Hanson, Cavendish and the Company given in the interest of maintaining an orderly market prior to the date which is 12 months from the date of Admission (the “**Restricted Period**”) and, for a further period of 12 months following expiry of the Restricted Period, only to dispose of their Ordinary Shares through Cavendish during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Further details of the lock-in arrangements under the Lock-in Agreement and the Non Rule 7 Lock-in Agreements are set out in paragraph 13.2 of Part V of this document.

15. Environmental, Social, Regulatory and Governance Responsibility (ESG)

The Company seeks to conduct its enterprise in a responsible manner, to treat its business partners and employees fairly and respectfully, understanding the importance of restricting the negative impacts of its operations on the environment, and advocating those principles with those whom it does business with. The Company seeks to emphasise its commitment to sustainability, employee welfare and development, diversity, equal opportunities, reducing waste and supporting charitable initiatives. The Company seeks to operate in an ethical manner across the jurisdictions in which it does business.

16. Relationship Agreements

Each of Robert Young and Phillip Speed has entered into a relationship agreement with the Company, and Strand Hanson pursuant to which Robert Young and Phillip Speed have each undertaken to the Company and Strand Hanson that, for so long (i) the Ordinary Shares trade on AIM (including any period of suspension of trading); and (ii) respectively Robert Young and Phillip Speed together with any of their respective Associates (as defined therein) hold an interest in 10 per cent. or more of the Company’s voting rights, he will not amongst other things, act to unduly influence the Company or its Board and will ensure that transactions entered into by himself or any of his Associates with the Company are on an arms’ length basis and independently considered by the Board.

Further details of the relationship agreements are set out in paragraphs 13.3 of Part V of this document.

17. Governance

Following Admission, the Board will comprise six Directors, of which three are Executive Directors and three are Non-Executive Directors. The Board considers all three of the Non-Executive Directors to be independent Non-Executive Directors under the criteria identified in the QCA Code.

The Directors also recognise the importance of sound corporate governance and, following Admission, have taken account of the requirements of the QCA Code to the extent that they consider appropriate having regard to the Company’s size, board structure, stage of development and resources. In addition, the Group operates anti-bribery and whistle-blowing policies to ensure it operates in an ethical and sustainable manner. The Group fully endorses the aims of the Modern Slavery Act 2015 and take a zero tolerance approach to slavery and human trafficking within the Group and supply chain.

The Directors note that all AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so.

From Admission, the Group's website at www.quantumbase.com will set out the extent of any non-compliance with the QCA Code by the Group on Admission.

On Admission, it is anticipated that the Group will comply with those of the Principles set out in the QCA Code as are identified in Part IV.

The QCA Code recommends that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Code recommends that the board should include at least two non-executive directors who are deemed to independent for the purposes of the QCA Code. As noted above, the independent Non-Executive Directors of the Company are Mark Fahy, Lucy Tarleton and Adrian Collins.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit committee, a nominations committee and a remuneration committee with formally delegated rules and responsibilities.

Remuneration Committee

The Remuneration Committee, which will comprise Mark Fahy (as chairman), with its other members consisting of Lucy Tarleton and Adrian Collins, will meet at least twice each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Audit Committee

The Audit Committee, which will comprise Lucy Tarleton (as chairman), with its other members consisting of Mark Fahy and Adrian Collins, will meet not less than three times a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The Audit Committee will also consider, manage and report on the risks associated with the Company as well as ensuring the Company's compliance with the AIM Rules and UK MAR concerning disclosure of inside information.

Nomination Committee

The Nomination Committee, which will comprise Adrian Collins (as chairman), with its members consisting of Mark Fahy and Lucy Tarleton, will meet at least once each year. This committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively as well as being responsible for the annual evaluation of the performance of the Board and of individual directors. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors.

18. Dividend Policy

The Directors currently propose to re-invest earnings of the Company to finance the development and expansion of the business and, accordingly, it is not envisaged that the Company will pay any dividends in the short to medium term.

The Board will, however, consider commencing the payment of dividends as and when the development and profitability of the Company allow and the Board considers it commercially prudent to do so. The declaration and payment of dividends and the quantum of such dividends will, in any event, be dependent

upon the Company's financial condition, cash requirements and future prospects, the level of profits available for distribution and other factors regarded by the Board as relevant at the time.

19. Share Dealing Policy

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors, and the senior management and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results and the results of the Company's research trials. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

20. Share Option Schemes

The Directors recognise the role of the Group's staff in contributing to its overall success and the importance of the Group's ability to incentivise and motivate its employees. Therefore, the Directors believe that certain employees should be given the opportunity to participate and take a financial interest in the success of the Company.

In order to incentivise and motivate the Group's executives and employees, the Board intends in due course to adopt a one or more incentive plans. However, the Board confirms that no awards will be made under any new incentive plan to the extent that such awards would result in outstanding rights in respect of unissued Ordinary Shares exceeding 10 per cent. of the then issued ordinary share capital of the Company.

EMI Plan

The Company has in place the EMI Plan although there are currently no options outstanding pursuant to it. The Directors do not currently envisage making grants under the EMI Plan.

21. Share Dealing Code

The Company has adopted a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules) and UK MAR. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

All persons discharging management responsibilities and their persons closely associated (as such terms are defined in UK MAR) are required to comply with the provisions of the share dealing code at all times. The share dealing code imposes restrictions beyond those that are imposed by law (including by FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons closely associated with them do not abuse, and do not place themselves under suspicion of abusing, unpublished price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of financial results. The share dealing code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities. 42 The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of UK MAR and the AIM Rules (including Rule 21).

22. EIS and VCT status

The Company has applied for and received advance assurance from HMRC for a fundraise of up to £7.5 million. Further information on EIS and VCT status is set out in Part II (Risk Factors). For the avoidance

of doubt, any investor who is an Existing Shareholder who holds shares on which they did not claim EIS tax relief will not be entitled to claim EIS Relief on a new investment in the Company whilst they still hold those shares.

23. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 20 of Part V of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

24. The City Code

The Takeover Code (the “City Code”) applies to the Company. Under Rule 9 of the City Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Company has agreed with the Takeover Panel that the members of the Speed Concert Party, the Wild and McCracken Concert Party and the Young Concert Party are, separately, acting in concert for the purposes of the City Code.

Following Admission, the members of the concert parties being, the Speed Concert Party, Wild and McCracken Concert Party and Young Concert Party will be interested in the following shares 12,892,600, 10,847,269 and 10,510,500 Ordinary Shares, in aggregate, respectively representing 20.12, 16.74 and 16.40 per cent. of the Enlarged Share Capital. A table showing the respective individual interests in shares of the members of the separate concert parties on Admission are set out below.

	<i>At the date of this document</i>		<i>Enlarged Share Capital, immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>No. of Existing Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>No. of Ordinary Shares of Enlarged Share Capital</i>
Speed Concert Party	12,892,600	29.81%	12,892,600	20.12%
Wild and McCracken Concert Party	8,391,499	19.40%	10,847,269	16.93%
Young Concert Party	10,510,500	24.30%	10,510,500	16.40%

25. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed “Risk Factors” and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

26. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 4 April 2025. The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 4 April 2025. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 days of the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

27. Further Information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part V of this document.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE GROUP'S BUSINESS

Early stage

While the science and technology behind Q-IDs is six years in the making, the product is still at a very early stage of commercialisation. The Company's first major customer contract, the Customer #1 Contract, was signed in October 2024, with the first very small invoice issued in January 2025. The Company's only signed incoming revenue being an expected £19,920 per annum from the discounted Call-off Agreement from the Customer #1 Contract, a summary of which is set out in paragraph 13.8 of Part V of this document. While the Company has reasonable assurances from Customer #1 regarding Customer #1 Contract for a further £2,500,000 per annum of tax stamp business, there are no guarantees in that agreement that such further revenue will be invoiced. Further call-offs are also subject to Customer #1's operational capacity and the only scheduled indications are based on conversations had to date by the Company and when renewals come up. There is therefore relatively low revenue visibility.

Research and Development

The Company continues to invest in developing further products. This carries risk that funds could be invested into new ideas which prove to be a dead end. For example, if development of 'direct-to-product' encounters insurmountable obstacles and proves unsuccessful in field testing, this would reduce the Company's addressable market considerably. Current tax stamp work is proven, tried and tested, but not all other opportunities are, and will require considerable research and development to implement.

Customer concentration

The Call-off Agreement accounts for all of the Company's anticipated revenue for the year to 30 April 2025, and is expected to account for a significant proportion of anticipated revenue for the year to 30 April 2026.

Customer #1 is the cornerstone client to get Q-IDs off the ground and out in the market. Furthermore, initially the Company's financial projections are based entirely on Customer #1's (admittedly very large) operational capacity.

Risks arising from the Customer #1 Contract and related call-off agreements

Continuing licence post termination

Upon expiration of the Call-off Agreement itself, the license shall continue for the purposes of Customer #1's obligations under customer agreements existing at the time of expiration, provided that Customer #1 continues to pay the license fees to QBL.

In addition, in the event that a call-off agreement is terminated for cause after a customer agreement has been entered into by Customer #1, the license and other rights and obligations granted or incurred under the relevant customer agreement (and if applicable any sub-license to the customer) shall continue in force.

In both such circumstances QBL would need to continue to perform its obligations to Customer #1 notwithstanding that their broader commercial relationship has been terminated. Depending on how long the relevant customer agreement continues, any licence fee payment up to the effective date of termination of the customer agreement may not be sufficient to cover the cost of any ongoing update, modification and support services.

No approval right for Customer #1 marketing materials

Subject to QBL branding guidelines, Customer #1 has been granted a non-exclusive, transferable and time-limited license to use Quantum Base marks solely in connection with Customer #1's marketing, promotion, and distribution of the solution during the term of the Customer #1 Contract.

There is currently no approval right for QBL in respect of any marketing materials created by Customer #1 referencing Quantum Base's non-cloneable marking solution and software. There is therefore a risk that Customer #1 produces marketing materials using the Quantum Base marks in a manner that QBL would not approve.

IP created to vest with Customer #1 or government entity

Any IP rights created or developed by Customer #1 during or as the result of the project for integrating Quantum Base's non-cloneable marking solution and software with Customer #1's markers and platform will be vested in Customer #1. In addition, all outputs under the Call-off Agreement which are not existing prior to the engagement will be owned exclusively by the government entity. It is unclear whether this applies to any improvements, enhancements or modifications of the Company's non-cloneable marking solution and software. As such, Quantum Base may not have any rights to IP or outputs created under Customer #1 Contract and the Call-off Agreement. Nevertheless, the Company considers that there is negligible risk of any IP being developed under this contract and agreement and that the current IP portfolio is sufficient and sufficiently protected to execute its business plan.

Service failure fee under Call-off Agreement

All QBL software elements that link into the Customer #1 mobile application must adhere to a minimum availability rate. If the availability rate falls below this minimum, QBL will be liable to pay a service failure fee to the customer via Customer #1. The Call-off Agreement may become uneconomic in the unlikely event of sustained service failure.

Exclusions on limitations of liability under Call-off Agreement

QBL will have unlimited liability in respect of breaches of the confidentiality clause, intellectual property rights clause, and conflict of interest clause. Material breaches of these clauses could cause substantial economic loss to the Company.

Counterfeiting breakthrough

While the Company believes that it would take an almost infinite amount of time to crack and fabricate a counterfeit Q-ID, in the case of a technological change, or were a counterfeiter able to develop a way to cheat the SDK, this could be significantly detrimental to the Company's prospects.

Risks associated with key personnel and related wage inflation risk

The Company employs several key technical staff, including in particular Chief Scientific Officer and founder Professor Robert Young, the man behind 'the science', as well as Chief Technical Officer David Howarth and Senior Materials Adviser Professor Ben Robinson. More generally, the Company has to date opted for a relatively small, but highly experienced team of staff, with only 12 on payroll at Admission and likely little more than double that in the short-to-mid-term future. This means that each of these staff, technical or commercial, has a key role, making them potentially difficult and/or expensive to replace.

Data/cyber risk

In the process of the Company providing the Q-ID to a client, a considerable amount of client data passes through the Company's operations. Any leak of client data could cause immense reputational damage to both the client and the Company.

Technology outage risk

Given the scale and importance of the services the Company is providing, any outage caused by the Company's technology could have significant implications.

Legislation and regulation risk

A new regulatory framework is being developed with implications for potential users of quantum technology, the quantum sector, and for regulatory bodies.

The UK National Quantum Strategy published in 2023 outlines ambitions to "create a national and international regulatory framework that supports innovation and the ethical use of quantum technologies, and protects UK capabilities and national security". Following its publication, the Department for Science, Innovation and Technology (DSIT) commissioned the Regulatory Horizons Council (RHC) to review the future needs for quantum technologies regulation to enable the sector to innovate and grow, which the RHC published in February 2024.

The UK government in welcoming the publication of the report and supporting its recommendations agreed that it is too early to establish regulatory requirements and legislation for quantum technologies given the nascency of the sector. It is nonetheless apparent that as the sector develops legislation and regulation will be introduced to support the development of quantum technologies, provide assurance and confidence across the sector and de-risk innovation and investment.

It may be some time before the implications, if any, for the Company are apparent. It is possible that such implications may have an adverse impact on the Company.

RISKS RELATING TO INTELLECTUAL PROPERTY

The Group may not be able to enforce its intellectual property rights, and others may claim that the Group is infringing their intellectual property rights

The Group relies on a combination of patents, copyright, trademarks, design registrations and trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. These measures provide only limited protection and the Group may not be able to detect unauthorised use or take appropriate steps to enforce its intellectual property rights. Factors that could affect its ability to protect its intellectual property rights include the following:

- Laws and contractual restrictions may not be sufficient to prevent misappropriation of the Group's technology or to deter others from developing similar technologies;

- Effective patent, trademark, copyright and trade secret protection may be unavailable or limited in certain countries; and
- Policing the unauthorised use of the Group's products and trademarks is difficult, expensive and time-consuming, and the Group may be unable to determine the extent of any unauthorised use

Any failure or inability to protect patents or other intellectual property could adversely affect the Group's ability to manufacture and sell its products, to market its products and compete effectively

The Group's commercial success will depend, to a certain extent, on its ability to operate without infringing patents and proprietary rights of third parties. A number of companies may have filed patent applications or may have been granted patents that cover technologies purporting to be similar to the technologies owned by the Group. In addition, other parties may duplicate, design around or independently develop similar or alternative technologies. If another party controls patents or patent applications with competitive or conflicting claims to the Group's own patents, the Group may be enjoined from pursuing research, development or commercialisation of certain products.

Although the Directors believe the products and technology do not infringe on any proprietary rights of others, any infringement claim against the Group, with or without merit could result in costly litigation or might require the Group to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Group, if at all.

Furthermore, the Group relies on a combination of trademark and trade secrecy laws, patents, confidentiality procedures and contractual provisions to protect intellectual property and rights in the Group's brands. Any event that would jeopardise the Group's proprietary rights or any claims of infringement by third parties could have a material adverse effect on the Group's ability to market or sell the brands, profitably exploit the products or recoup associated research and development costs.

Some of the Group's patents may expire earlier than expected and patents applied for may not be granted

All patents have a limited duration of enforceability. Once a patent expires the invention disclosed in the patent may be freely used by the public without accounting to the patent owner, as long as there are no other unexpired patents that embrace an aspect of the invention. Whilst the Group has 20 patent applications pending, the Group also seeks to patent improvements, new uses, or new formulations relating to its products. However, there is no certainty that any improvement, new use, or new formulation will be patented to extend the protection of the underlying invention or provide additional coverage to adequately protect the invention. As a result, the public may have the right freely to use the invention if a patent is not granted or expires and is not renewed for any reason.

Intellectual property defensibility

Quantum Base currently has 31 patents granted, with a further 10 in the process of being granted, covering 26 families of technology and with a further 20 patent applications pending. This, in our view, is a good amount of coverage, and combined with the complexity of the science gives it some first-mover advantage. However, given the unpredictable makeup of IP, and the public nature of the research the technology is based on, it could be feasible that a competitor could find a similar method outside of this coverage and pose a competitive threat.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Investment Risks

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a

major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general business, political, social and economic conditions; variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Group or its competitors; acquisitions or joint ventures entered into by any of the Group's companies; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Group, the Ordinary Shares will rank behind any liabilities of the Group and therefore any return for Shareholders will depend on the Group's assets being sufficient to meet the prior entitlements of creditors.

Future sales of Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing Shareholders were to sell, or if the Group was to issue a substantial number of Ordinary Shares in the market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to sell equity securities in the future at a time and price that it deems appropriate.

The Group's ability to pay dividends in the future is not certain

The Group does not intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability or profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Further issuances of Ordinary Shares may be dilutive

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Group, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Group may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further ordinary Shares under a pre-emption offer, existing Shareholders' proportionate ownership interest in the Group will be diluted. In addition, a further issue of Ordinary Shares by the Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of those Shareholders that do not participate in that additional issue.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

Valuation of Ordinary Shares

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Group and may not relate to the Group's net asset value, net worth, or any established criteria or value. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

Conditionality of the Placing

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

Market Perception

Market perception of the Group and/or the Group may change, potentially affecting the value of investor's holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

The Ordinary Shares will not be admitted to the Official List

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this document. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. Although the Group is applying for the admission of its Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Risks relating to EIS and VCT relief

The Company has applied for advance assurance under the EIS and VCTs from HMRC for a fundraise of up to £7.5 million.

The HMRC advance assurance in connection with EIS was sought on the basis of the legislation as enacted at the date that the advance assurances and confirmation were given, and on the basis of the facts set out in the application made to HMRC. In the event of any change to the legislation, any alteration to the Company's position or the rights attaching to the EIS/VCT Shares, or if HMRC were to consider that all material facts were not set out in the application, the advance assurances and knowledge-intensive company confirmation given by HMRC may not apply.

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the EIS Shares, and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for EIS Shares in the Placing. The availability of EIS Relief and the status of the relevant EIS Shares as a qualifying class of share for EIS purposes will be conditional on (amongst other things) the Company and the investor both continuing to satisfy the relevant requirements, under the EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS Shares. None of the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS/VCT Shares will comply with the requirements of the EIS/VCT Legislation at or following the EIS/VCT Placing, that investors will be able to obtain EIS Relief in respect of their subscription for EIS Shares, or that in due course such EIS Relief will not be withdrawn.

Circumstances may arise (which may include the sale of the Company) where the Board believes that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status, or ensures that the Company and/or the EIS/VCT Shares will continue to meet the conditions for EIS/VCT Relief. In such circumstances, the Company and the Board cannot undertake to conduct the activities of the Company in a manner designed to preserve any such relief or status. Should the relevant legislation regarding the EIS or VCTs change then eligibility for EIS Relief or qualifying status for VCT purposes previously obtained may be lost.

Any person seeking to obtain EIS Relief or VCT Relief should consult their own professional tax adviser in order that they may fully understand how the EIS Legislation and VCT Legislation applies in their individual circumstances. In particular, any such person should seek professional tax advice as to whether or not they are considered to be "independent", for the purposes of seeking EIS Relief. There is a risk that such person may consider themselves to be "independent" but HMRC does not agree with such classification.

Any investor who is an Existing Shareholder and who holds shares on which they did not claim EIS tax relief at the time of the Placing will not be eligible to claim EIS Relief on their new investment in Ordinary Shares.

The risk factors listed above do not necessarily comprise all those associated with an investment in the Group.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

AIM Rules for Companies

Application will be made for the Ordinary Shares to be admitted to AIM. Admission to AIM will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a premium listing on the Official List, which would be subject to additional obligations under the Listing Rules. The AIM Rules for Companies are not as onerous as the rules that apply to companies on the Official List. Prospective investors should consider the risks of investing in an AIM company's shares and should make their decision to invest only after carefully considering the risks and, if appropriate, consulting with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares.

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment.

The FCA has not examined or approved the contents of this Document.

Taxation

The attention of prospective investors is drawn to paragraph 20 of Part V of this Document headed “Taxation”. The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company’s tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company’s ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Current and prospective investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

Costs of being a public company

As a public company, the Company will be required to comply with certain additional laws, regulations and requirements, including the requirements of AIM. Complying with these laws, regulations and requirements will occupy a significant amount of the time of the Board and management and will increase the Company’s costs and expenses. The Company expects that compliance with these laws, regulations and requirements will increase its legal and financial compliance costs and is likely to require it to hire additional personnel or consultants. The Company cannot predict or estimate the amount of additional costs which it may incur or the timing of such costs.

In order to comply with these laws, regulations and requirements, the Company will need to:

- expand the roles and duties of its Board, its Board committees and management;
- institute more comprehensive compliance functions;
- evaluate and maintain its system of internal control over financial reporting, and report on management’s assessment of it;
- prepare and distribute periodic public reports in compliance with the Company’s obligations under applicable laws and regulations;
- implement more comprehensive internal policies, such as those relating to disclosure controls and procedures and insider trading; and
- involve, to a greater degree, outside counsel and accountants in the above activities.

If the Company fails to take all or any of these actions its ability to report its financial results accurately and in a timely manner could be impaired.

PART III
FINANCIAL INFORMATION

**SECTION A: ACCOUNTANT'S REPORT ON THE
HISTORICAL FINANCIAL INFORMATION OF THE GROUP**



1 April 2025

The Directors
Quantum Base Holdings plc
Alpha House
4 Greek Street
Stockport
Cheshire SK3 8AB

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Dear Sirs and Madams,

Introduction

We report on the audited, consolidated historical financial information of Quantum Base Holdings plc (the "**Company**") and its subsidiary Quantum Base Limited (together, the "**Group**"), for the financial years ended 30 April 2022, 30 April 2023 and 30 April 2024 (together, the "**Historical Financial Information**").

Opinion on financial information

In our opinion, the Historical Financial Information gives, for the purposes of the Company's AIM admission document dated 1 April 2025 (the "**Document**"), a true and fair view of the state of affairs of the Group as at 30 April 2022, 30 April 2023 and 30 April 2024 and of its results, cash flows and changes in equity for the years then ended, in accordance with UK-adopted international accounting standards ("**IFRS**").

Responsibilities

The directors of the Company (the "**Directors**") are responsible for preparing the Historical Financial Information in accordance with UK IFRS.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of preparation

The Historical Financial Information has been prepared for inclusion in Section B "*Historical Financial Information of the Group*" of Part III "*Financial Information*" of the Document, on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is given for the purpose of complying with Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with relevant

ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and where the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Conclusions related to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Document. Accordingly, the use by the Directors of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe U.K. LLP

Chartered Accountants

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Statement of Comprehensive Income

The audited, consolidated Statements of Comprehensive Income of the Group for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024 are set out below:

	<i>Note</i>	<i>Audited 30 April 2022 £'000</i>	<i>Audited 30 April 2023 £'000</i>	<i>Audited 30 April 2024 £'000</i>
Administrative expense		(355)	(516)	(1,070)
Share based payment expense	6	–	–	(391)
Total administrative expenses		<u>(355)</u>	<u>(516)</u>	<u>(1,461)</u>
Other operating income	5	49	–	8
Operating loss	5	<u>(306)</u>	<u>(516)</u>	<u>(1,453)</u>
Depreciation & amortisation		33	43	55
EBITDA		<u>(273)</u>	<u>(473)</u>	<u>(1,398)</u>
Other operating income		49	–	8
Administrative expense (excluding depreciation & amortisation)	5	(322)	(473)	(1,015)
Share based payment expense	6	–	–	(391)
EBITDA		<u>(273)</u>	<u>(473)</u>	<u>(1,398)</u>
Depreciation & amortisation		(33)	(43)	(55)
Interest receivable	8	–	1	5
Loss before tax		<u>(306)</u>	<u>(515)</u>	<u>(1,448)</u>
Taxation	9	21	81	196
Loss and total comprehensive expense for the year		<u><u>(285)</u></u>	<u><u>(434)</u></u>	<u><u>(1,252)</u></u>
Loss per Ordinary Share:		£	£	£
Basic	11	(1.06)	(1.52)	(4.01)

Statement of Financial Position

The audited, consolidated Statements of Financial Position of the Group as at 30 April 2022, 30 April 2023 and 30 April 2024 are set out below:

	<i>Note</i>	<i>Audited As at 30 April 2022 £'000</i>	<i>Audited As at 30 April 2023 £'000</i>	<i>Audited As at 30 April 2024 £'000</i>
Assets				
Non-current assets				
Property, plant and equipment	12	3	2	7
Intangibles	13	241	332	734
		<u>244</u>	<u>334</u>	<u>741</u>
Current assets				
Other receivables	14	32	102	247
Cash and cash equivalents		645	975	215
		<u>677</u>	<u>1,077</u>	<u>462</u>
Total assets		<u>921</u>	<u>1,411</u>	<u>1,203</u>
Equity				
Share capital	15	–	–	–
Share capital to be issued	15	–	910	–
Share premium	15	782	782	2,056
Merger reserve	16	414	414	414
Share-based payment reserve	16	–	–	391
Accumulated losses	16	(366)	(800)	(2,052)
		<u>830</u>	<u>1,306</u>	<u>809</u>
Liabilities				
Non-current liabilities				
Loans and borrowings	17	9	6	4
		<u>9</u>	<u>6</u>	<u>4</u>
Current liabilities				
Trade and other payables	18	79	96	387
Loans and borrowings	17	3	3	3
		<u>82</u>	<u>99</u>	<u>390</u>
Total liabilities		<u>91</u>	<u>105</u>	<u>394</u>
Total equity and liabilities		<u>921</u>	<u>1,411</u>	<u>1,203</u>

Statement of Changes in Equity

The audited, consolidated Statements of Changes in Equity of the Group for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024 are set out below:

£'000	<i>Share capital</i>	<i>Share capital to be issued</i>	<i>Share premium</i>	<i>Merger reserve</i>	<i>Share-based payment reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
As at 1 May 2021	–	–	–	414	–	(81)	333
Loss for the year	–	–	–	–	–	(285)	(285)
Share issue	–	–	782	–	–	–	782
As at 30 April 2022	–	–	782	414	–	(366)	830
Loss for the year	–	–	–	–	–	(434)	(434)
Shares to be issued	–	910	–	–	–	–	910
As at 30 April 2023	–	910	782	414	–	(800)	1,306
Loss for the year	–	–	–	–	–	(1,252)	(1,252)
Share-based payment	–	–	–	–	391	–	391
Share issue	–	(910)	1,274	–	–	–	364
As at 30 April 2024	–	–	2,056	414	391	(2,052)	809

Statement of Cash Flows

The audited, consolidated Statements of Cash Flows of the Group for the three years ended 30 April 2022, 30 April 2023 and 30 April 2024 are set out below:

		<i>Audited</i> 30 April 2022 £'000	<i>Audited</i> 30 April 2023 £'000	<i>Audited</i> 30 April 2024 £'000
	<i>Note</i>			
Loss after tax for the year		(285)	(434)	(1,252)
<i>Adjustments for:</i>				
Interest income		–	(1)	(5)
Share-based payment	6	–	–	391
Depreciation of property, plant, equipment and intangibles	12, 13	33	43	55
Tax	9	(21)	(81)	(196)
		(273)	(473)	(1,007)
<i>Changes in working capital:</i>				
Increase in other receivables	14	–	(10)	(30)
Increase in trade and other payables	18	54	17	291
Income tax received		44	21	81
Net cash flows from operating activities		<u>(175)</u>	<u>(445)</u>	<u>(665)</u>
Investing activities				
Purchase of property, plant and equipment	12	(2)	(1)	(8)
Purchase of intangibles	13	(43)	(132)	(454)
Interest received	8	–	1	5
Net cash used by investing activities		<u>(45)</u>	<u>(132)</u>	<u>(457)</u>
Financing activities				
Proceeds from Ordinary Shares		782	910	364
Payment of long-term borrowings	17	(1)	(3)	(2)
Net cash generated from financing activities		<u>781</u>	<u>907</u>	<u>362</u>
Net increase/(decrease) in cash and cash equivalents		561	330	(760)
Cash and cash equivalents at beginning of year		<u>84</u>	<u>645</u>	<u>975</u>
Cash and cash equivalents at end of year		<u><u>645</u></u>	<u><u>975</u></u>	<u><u>215</u></u>

Notes to the Historical Financial Information

1. Corporate Information

The Historical Financial Information represents the results of the Group, comprising the Company and its wholly-owned subsidiary, QBL. The Company was incorporated on 24 April 2013 and is domiciled in England and Wales with the registration number 08501521. The Company's registered office is Alpha House, 4 Greek Street, Stockport, Cheshire SK3 8AB.

The principal business of the Group is the development and provision of quantum security products and services for product and brand authentication.

The Historical Financial Information was approved for issue by the Directors on the date of this document.

2. Accounting policies

Accounting convention

The Historical Financial Information has been prepared using the historical cost convention, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Historical Financial Information has been prepared in compliance with IFRS and IFRS Interpretations Committee interpretations as adopted by the UK. This is the first time that financial information for the Group has been prepared under IFRS (see note 21 to the Historical Financial Information).

Basis of preparation

The Group's date of transition to IFRS is 1 May 2021. The principles and requirements for first time adoption are set out in IFRS 1 "*First-time Adoption of International Financial Reporting Standards*".

The presentation currency of the Historical Financial Information is Pounds Sterling, rounded to the nearest thousand (£'000) unless otherwise indicated. For both Quantum Base and QBL the functional currency is Pounds Sterling as this is the currency of the primary economic environment in which the Group operates.

There are no items within the Historical Financial Information which are either a critical accounting judgement, subject to high estimation or uncertainty.

Merger accounting

The combination of companies under common control has been treated as if the two companies had always been combined and is usually referred to as merger accounting.

IFRS does not prescribe how such a merger is accounted for in the preparation of consolidated financial information. The use of merger accounting has been applied to treat the combining entities as if they had always been a single entity, with adjustments made for the elimination of transactions between the merged companies.

Going concern

The management assessment of whether the Group should continue to report on the going concern basis included consideration of the following:

- detailed financial projections prepared for a period of 12 months from the date of Admission; and
- the Company's impending Admission and Placing, which on completion will provide significant cash resources to the Group.

The Group's going concern analysis, which covers a period no shorter than 12 months from the date of Admission, also includes the evaluation of material uncertainties and material adverse effects within the industry, the global economy and regulatory regime.

At the time of the preparation of the Historical Financial Information, the Directors were not aware of any other events or conditions beyond the period of their assessment that may cast doubt on the Group's ability to continue as a going concern.

Changes in accounting policies

The new accounting standard framework has been adopted and is effective from the transition to IFRS, which took place on 1 May 2021, and which is the first period to which the standards have been applied. Details of the impact of the new accounting standards are given in note 23 to the Historical Financial Information.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Directors.

Depreciation is charged to allocate the cost of assets, less their residual value, over their estimated useful lives. The following assets have been depreciated using the method described.

The estimated useful lives are as follows:

Plant and equipment – 3 years straight line

Intangible assets

Development costs

Development costs are capitalised, provided that the recognition criteria of an intangible asset are met. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Development costs have a finite useful life and will be amortised on a systematic basis over its useful life. Research costs are expensed when incurred.

3. Financial assets

On initial recognition, the Directors classify the Group's financial assets as either financial assets at amortised cost, at fair value through profit or loss or at fair value through comprehensive income, as appropriate. The classification depends on the policy for management of the financial assets. At the reporting date, the financial assets of the Group would all be classified as loans or receivables and are, therefore, recognised at amortised cost.

The Group had no trade receivables the reporting date and so financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument.

At initial recognition financial liabilities (trade and other payables, excluding other taxes and social security costs), are measured at their fair value less, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's share capital is classified as equity instruments.

Retirement benefits

In accordance with IAS 19 “Employee Benefits”, the cost of pensions in respect of the Group’s defined contribution scheme is charged to the Statement of Comprehensive Income in the period in which the related employee services were provided along with short-term employee benefits.

4. Financial instruments – risk management

The Directors have overall responsibility for the determination of the Group’s risk management objectives and policies. The overall objective of the Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Group’s competitiveness and flexibility. The Group reports in Pounds Sterling (£). All funding requirements and financial risks are managed based on policies and procedures adopted by the Directors.

The Group is exposed to the following financial risk:

- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- other receivables;
- cash and cash equivalents; and
- trade and other payables.

To the extent financial instruments are not carried at fair value in the Statement of Financial Position, book value approximates to fair value as at 30 April 2022, 30 April 2023 and 30 April 2024.

Other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Directors and any impairment charged to the Statement of Comprehensive Income in the relevant period.

Trade and other payables are measured at amortised cost.

Financial instruments by category

Financial assets

	<i>Audited As at 30 April 2022 £'000</i>	<i>Audited As at 30 April 2023 £'000</i>	<i>Audited As at 30 April 2024 £'000</i>
Cash and cash equivalents	645	975	215
Other receivables	11	21	51
Receivables at amortised cost	11	21	51
Financial assets at amortised cost	656	996	266

Financial liabilities

	<i>Audited As at 30 April 2022 £'000</i>	<i>Audited As at 30 April 2023 £'000</i>	<i>Audited As at 30 April 2024 £'000</i>
Current trade payables	68	79	345
Accruals	5	8	23
Other payables	6	9	19
Trade and other payables	79	96	387
Loans and borrowings	12	9	7
Financial liabilities at amortised cost	91	105	394

The management of risk is a fundamental concern of the Directors. This note summarises the key risks to the Group and the policies and procedures put in place by the Directors to manage them.

Liquidity risk

Liquidity risk arises from the Directors' management of the Group's working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group plans to acquire additional financing. The table below analyses the Group's financial liabilities by contractual maturities and all amounts disclosed in the table are the undiscounted contractual cash flows:

	<i>Within 1 year £'000</i>	<i>1-2 years £'000</i>	<i>2-5 years £'000</i>
30 April 2022 (audited)			
Trade payables	68	–	–
Accruals	5	–	–
Other payables	6	–	–
Loan	3	3	6
Total	82	3	6
30 April 2023 (audited)			
Trade payables	79	–	–
Accruals	8	–	–
Other payables	9	–	–
Loan	3	3	3
Total	99	3	3
30 April 2024 (audited)			
Trade payables	345	–	–
Accruals	23	–	–
Other payables	19	–	–
Loan	3	4	–
Total	390	4	–

The Directors' objectives when maintaining the Group's capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and

- to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of Shareholders' equity as set out in the Statement of Changes in Equity. All working capital requirements are financed from existing cash resources and borrowings.

5. Operating loss

The operating loss has been arrived at after charging:

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Foreign exchange loss	1	–	–
Marketing and advertising	2	41	27
Staff costs	269	309	458
Depreciation on plant and equipment	4	2	3
Amortisation on development and patents	29	41	52
Other income – government grants	49	–	8

The Group has no other recognised gains or losses other than operating profits/losses

6. Share-based payment expense

QBL operates two equity-settled share-based remuneration schemes: a United Kingdom tax authority approved scheme for certain employees and an unapproved scheme for advisers of QBL. For the avoidance of doubt, the 49,704 options present below cover both schemes.

Certain United Kingdom based employees are eligible to participate in an approved EMI scheme, the only vesting condition being that there is an Admission. Under the unapproved scheme, options vest if there is an Admission.

	<i>2024</i> <i>weighted average</i> <i>exercise price</i> <i>(pence)</i>	<i>2024</i> <i>Number of</i> <i>options</i>
Outstanding at 1 May 2023	–	–
Granted during the year	0.00005	49,704
Forfeited during the year	–	–
Exercised during the year	–	–
Lapsed during the year	–	–
Outstanding at 30 April 2024	0.00005	49,704

The exercise price of options outstanding at 30 April 2024 was 0.00005 pence (2023: n/a) and their weighted average contractual life was 10 years (2023: n/a).

Of the total number of options outstanding at 30 April 2024, nil (2023: n/a) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was n/a (2023: n/a).

The weighted average fair value of each option granted during the year was £63.38 (2023: n/a).

The following information is relevant in the determination of the fair value of options granted during the year under the equity share based schemes operated by the Group.

	2024
Equity settled	
Option pricing model used	Black-Scholes
Weighted average share price at grant date (pence)	6338 pence
Exercise price (pence)	0.00005 pence
Weighted average contractual life	10 years
Grant date	13 March 2024
Vesting date	01 February 2025
Expected volatility	100%
Expected dividend growth rate	0%
Risk-free interest rate	5%

7. Employee benefit expenses

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Wages and salaries	247	278	417
Social security costs	17	24	34
Pensions	5	7	7
Total	<u>269</u>	<u>309</u>	<u>458</u>

Key management comprises only the Directors. Directors' remuneration included in staff costs:

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Wages and salaries	64	81	58
Pensions	–	3	3
Total	<u>64</u>	<u>84</u>	<u>61</u>

The average monthly number of employees during the period was as follows:

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i>
Management	2	2	2
Operations and administration	5	7	12
Total	<u>7</u>	<u>9</u>	<u>14</u>

8. Interest receivable

	<i>Audited Year ended 30 April 2022 £'000</i>	<i>Audited Year ended 30 April 2023 £'000</i>	<i>Audited Year ended 30 April 2024 £'000</i>
Other interest	–	1	5
Total Interest receivable	–	1	5

9. Taxation

	<i>Audited Year ended 30 April 2022 £'000</i>	<i>Audited Year ended 30 April 2023 £'000</i>	<i>Audited Year ended 30 April 2024 £'000</i>
Loss before taxation	(306)	(515)	(1,448)
Rate of corporation tax applicable at 19%	(58)	(98)	(275)
<i>Effects of:</i>			
Enhanced tax credit for R&D	(38)	(67)	(137)
Trade intangibles fixed assets R&D expenditure	–	(25)	35
Depreciation in excess of capital allowances	6	8	10
Expenses not allowed	–	7	31
Share based payment expenses	–	–	92
Rate difference between 19% and 14.5% on surrendered loss	16	29	61
Losses carried forward for the year	22	65	(13)
Tax credit: losses surrendered at 14.5% (2023 14.1%, 2022 14.5%)	(52)	(81)	(196)
Overclaim in prior year	31	–	–
Tax credit	21	81	196

10. Deferred tax

The Group has historic tax losses which could be offset against future profits. However, a deferred tax asset has not been recognised in the Historical Financial Information given the unpredictability over future profits of the Group.

At 30 April 2024, the Group has the below unused tax losses:

	<i>30 April 2024 £'000</i>
Trading losses (pre-1 April 2017)	75
Trading losses (post-1 April 2017)	1,060
Total	1,135

There are share-based payment expenses during the year ended 30 April 2024 of £391k, which have not been recognised as a deferred tax asset in the Historical Financial Information.

11. Loss per Ordinary Share

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Loss attributable to Shareholders (£)	(285)	(434)	(1,252)
Weighted average number of Ordinary Shares	267,805	285,479	311,877
Loss per Ordinary Share (£)	(1.06)	(1.52)	(4.01)

The loss per Ordinary Share is calculated based on the weighted average number of Ordinary Shares in issue and the reported loss of the Group for each reporting period. There has been no dilution due to losses.

12. Property, plant and equipment

	<i>Plant & Equipment</i> <i>£'000</i>
COST	
As at 1 May 2021	22
Additions	2
As at 30 April 2022	24
Additions	1
As at 30 April 2023	25
Additions	8
As at 30 April 2024	<u>33</u>
ACCUMULATED DEPRECIATION	
As at 1 May 2021	17
Charge for the year	4
As at 30 April 2022	21
Charge for the year	2
As at 30 April 2023	23
Charge for the year	3
As at 30 April 2024	<u>26</u>
NET BOOK VALUE	
As at 30 April 2022	<u>3</u>
As at 30 April 2023	<u>2</u>
As at 30 April 2024	<u>7</u>

13. Intangibles

	<i>Development costs £'000</i>
COST	
As at 1 May 2021	227
Additions	43
As at 30 April 2022	270
Additions	132
As at 30 April 2023	402
Additions	454
As at 30 April 2024	<u>856</u>
ACCUMULATED AMORTISATION	
As at 1 May 2021	–
Charge for the year	29
As at 30 April 2022	29
Charge for the year	41
As at 30 April 2023	70
Charge for the year	52
As at 30 April 2024	<u>122</u>
NET BOOK VALUE	
As at 30 April 2022	<u>241</u>
As at 30 April 2023	<u>332</u>
As at 30 April 2024	<u>734</u>

Research and development costs incurred but not capitalised amount to:

- Year ended 30 April 2022 – £197,000;
- Year ended 30 April 2023 – £279,000; and
- Year ended 30 April 2024 – £408,000.

14. Other receivables

	<i>Audited Year ended 30 April 2022 £'000</i>	<i>Audited Year ended 30 April 2023 £'000</i>	<i>Audited Year ended 30 April 2024 £'000</i>
Other receivables (VAT recoverable)	11	21	51
Other receivables (Corporation tax recoverable)	21	81	196
Other receivables	<u>32</u>	<u>102</u>	<u>247</u>

Other receivables have not been discounted as they are short-term receivables.

15. Share capital

The Company's issued and fully-paid Ordinary Share capital is summarised below:

	<i>Number</i>	<i>Nominal value</i>	<i>Share premium £'000</i>
Total at April 2021	264,257	£13.26	–
A Ordinary Shares issued	21,221	£1.06	782
Total at April 2022	285,478	£14.32	782
Ordinary Shares issued	–	–	–
Total at April 2023	315,580	£15.83	782
A Ordinary Shares issued	30,102	£1.51	910
C Ordinary Shares issued	15,779	£0.79	364
Total at April 2024	<u>331,359</u>	<u>£16.62</u>	<u>2,056</u>

On 1 May 2021, the issued and paid-up share capital of the Company was as follows:

- 264,256 A Ordinary Shares: nominal value of £0.00005 per A Ordinary Share; and
- 1 B Ordinary Shares: nominal value of £0.00005 per B Ordinary Share, with no dividend rights.

On 30 April 2024, the issued and paid-up share capital of the Company was as follows:

- 315,579 A Ordinary Shares: nominal value of £0.00005 per A Ordinary Share;
- 1 B Ordinary Shares: nominal value of £0.00005 per B Ordinary Share, with no dividend rights; and
- 15,779 C Ordinary Shares: nominal value £0.00005 per C Ordinary Share.

Weighted average issued and paid-up share capital:

April 2021 – 2022 = 267,805

April 2022 – 2023 = 285,479

April 2023 – 2024 = 311,877

At Admission, a warrant of up to 1 per cent. of the enlarged share capital will be issued and options over 49,704 C Ordinary Shares, as detailed in Note 6 of the Historical Financial Information, will become exercisable.

16. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital – Ordinary Shares are classified as equity. The nominal value of Ordinary Shares is included within share capital.

Accumulated losses – represents all other net gains and losses and transactions with Shareholders (e.g. dividends) not recognised elsewhere.

Merger reserve – represents the transactions in reserves under the merger acquisition rules where the entities are under common control.

Share-based payments reserve – represents the fair value of options granted.

17. Loans and borrowings

	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Non-current			
Bank loan facility – unsecured	9	6	4
Current			
Bank loan facility – unsecured	3	3	3
Total loans and borrowings	<u>12</u>	<u>9</u>	<u>7</u>

Bank loan facility – unsecured

On 19 December 2020, QBL entered into a COVID Business Interruption Loan facility agreement with Barclays Bank Plc. The maximum loan facility is £13,000, which is fully repayable by 19 December 2026. The current interest rate that applies to the loan is 2.5 per cent. per annum.

Analysis of net debt

	<i>Cash</i> <i>£'000</i>	<i>Bank loans</i> <i>£'000</i>	<i>Net debt</i> <i>£'000</i>
As at 1 May 2021	84	13	71
Cash flows	561	(1)	562
As at 30 April 2022	645	12	633
Cash flows	330	(3)	333
As at 30 April 2023	975	9	966
Cash flows	(760)	(2)	(758)
As at 30 April 2024	<u>215</u>	<u>7</u>	<u>208</u>

18. Trade and other payables

	<i>Audited</i> <i>As at</i> <i>30 April</i> <i>2022</i> <i>£'000</i>	<i>Audited</i> <i>As at</i> <i>30 April</i> <i>2023</i> <i>£'000</i>	<i>Audited</i> <i>As at</i> <i>30 April</i> <i>2024</i> <i>£'000</i>
Trade payables	68	79	345
Accruals	5	8	23
Tax and social security	5	6	8
Other payables	1	3	11
Total trade and other payables	<u>79</u>	<u>96</u>	<u>387</u>

19. Subsequent events

On 13 November 2024, QBL disposed of a portfolio of non-core intellectual property relating to patents in a field which QBL was no longer working in and had no plans to commercialise, resulting in a profit on disposal of £155k. Details of the disposal are set out below:

	£'000	£'000
Disposal proceeds		260
Patents at cost	214	
Amortisation charged	(109)	
Net book value		105
Profit on disposal		155

The disposal was made to Qchip Security Limited (“**Qchip**”), a related party to the Group insofar as its shareholders mirror those of the Company as they stood immediately prior to Admission.

20. Adoption of IFRS

As stated in Note 2 “*Accounting policies*”, the Historical Financial Information has been prepared in accordance with IFRS.

The date of transition to IFRS is 1 May 2021 (the “**Transition Date**”).

The accounting policies described in Note 2 “*Accounting policies*” were applied when preparing the Historical Financial Information and the consolidated Statement of Financial Position as at the Transition date.

In preparing its opening consolidated Statement of Financial Position as at 1 May 2021 and adjusting amounts reported previously in the Historical Financial Information prepared in accordance with UK Generally Accepted Accounting Practice (“**UKGAAP**”), the Directors have applied IFRS 1 “*First-Time Adoption of International Financial Reporting Standards*”, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

21. Exceptions and exemptions used during transition to IFRS

The Directors have applied the following mandatory exception required by IFRS 1 “*First-Time Adoption of International Financial Reporting Standards*” in the Group’s conversion from UKGAAP to IFRS:

- estimates—hindsight is not used to create or revise estimates. The estimates previously made by the Directors under UKGAAP were not revised for the application of IFRS, except where necessary to reflect any difference in accounting policies.

22. Related party transactions

During the years ended 30 April 2022, 30 April 2023 and 30 April 2024, the following disclosable related party transactions occurred:

Related party transactions – Year ended 30 April 2022

The University of Lancaster, a Shareholder, provided goods and services amounting to £51k (2021 – £5k). There were amounts of £51k outstanding to this related party at the period end (2021 – £nil).

Related party transactions – Year ended 30 April 2023

The University of Lancaster, a Shareholder, provided goods and services amounting to £nil (2022 – £51k). There were amounts of £nil outstanding to the related party at the period end (2022 – £51k).

Related party transactions – Year ended 30 April 2024

The University of Lancaster, a Shareholder, provided goods and services amounting to £211k (2023 – £nil). There were of amounts of £160k outstanding to the related party at the period end (2023 – £nil).

23. Prior period errors in accounting for intangibles

	<i>Year ended 30 April 2022 £'000</i>	<i>Year ended 30 April 2023 £'000</i>	<i>Year ended 30 April 2024 £'000</i>
Original reported position			
Cost			
Balance b/fwd	487	487	487
Additions	–	–	641
Balance c/fwd	487	487	1,128
Amortisation			
Balance b/fwd	–	–	–
Charge for the year	–	–	–
Balance c/fwd	–	–	–
Net book value	487	487	1,128
Restated position			
Cost			
Balance b/fwd (including prior year adjustment)	227	270	402
Additions	43	132	454
Disposals	–	–	–
Balance c/fwd	270	402	856
Amortisation			
Balance b/fwd	–	29	70
Charge for the year	29	41	52
Disposals	–	–	–
Balance c/fwd	29	70	122
Net book value	<u>241</u>	<u>332</u>	<u>734</u>

The correction was a result of developments costs and patent costs being treated inconsistently in prior years resulting in the above.

24. Nature of the Historical Financial Information

The Historical Financial Information presented above does not constitute statutory financial statements for the periods under review.

SECTION C: INTERIM FINANCIAL INFORMATION OF THE GROUP

Statement of Comprehensive Income

The unaudited, consolidated Statement of Comprehensive Income of the Group for the six-month period ended 31 October 2024, together with the unaudited, comparative, consolidated Statement of Comprehensive Income of the Group for the six-month period ended 31 October 2023, are set out below:

		<i>(Unaudited)</i> 6 months ended 31 October 2024 £'000	<i>(Unaudited)</i> 6 months ended 31 October 2023 £'000																				
Administrative expense	4	(625)	(516)																				
Share-based payment expense	4	(1,833)	–																				
Total administrative expenses		(2,458)	(516)																				
Other operating income		–	8																				
Operating loss		(2,458)	(508)																				
Depreciation and amortisation	4	30	30																				
EBITDA		(2,428)	(478)																				
<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;">Other operating income</td> <td style="width: 5%;"></td> <td style="width: 17.5%; text-align: right;">–</td> <td style="width: 17.5%; text-align: right;">8</td> </tr> <tr> <td>Administrative expense (excluding depreciation & amortisation)</td> <td style="text-align: center;">4</td> <td style="text-align: right;">(595)</td> <td style="text-align: right;">(486)</td> </tr> <tr> <td>Share based payment expense</td> <td style="text-align: center;">4</td> <td style="text-align: right;">(1,833)</td> <td style="text-align: right;">–</td> </tr> <tr> <td>EBITDA</td> <td></td> <td style="text-align: right;">(2,428)</td> <td style="text-align: right;">(478)</td> </tr> <tr> <td>Depreciation & amortisation</td> <td style="text-align: center;">4</td> <td style="text-align: right;">(30)</td> <td style="text-align: right;">(30)</td> </tr> </tbody> </table>				Other operating income		–	8	Administrative expense (excluding depreciation & amortisation)	4	(595)	(486)	Share based payment expense	4	(1,833)	–	EBITDA		(2,428)	(478)	Depreciation & amortisation	4	(30)	(30)
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Administrative expense (excluding depreciation & amortisation)	4	(595)	(486)																				
Share based payment expense	4	(1,833)	–																				
EBITDA		(2,428)	(478)																				
Depreciation & amortisation	4	(30)	(30)																				
Interest receivable		1	5																				
Loss before tax		(2,457)	(503)																				
Taxation		–	98																				
Loss and total comprehensive expense for the period		(2,457)	(405)																				
Loss per Ordinary Share:																							
Basic	5	£ (7.24)	£ (1.35)																				

There was no other comprehensive income for the 6-months ended 31 October 2024 or the 6-months ended 31 October 2023.

Statement of Financial Position

The unaudited, consolidated Statement of Financial Position of the Group as at 31 October 2024, together with the audited, consolidated Statement of Financial Position of the Group as at 30 April 2024, are set out below:

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>As at</i>	<i>As at</i>
	<i>31 October</i>	<i>30 April</i>
	<i>2024</i>	<i>2024</i>
<i>Note</i>	<i>£'000</i>	<i>£'000</i>
Assets		
Non-current assets		
Property, plant and equipment	7	7
Intangibles	884	734
	<u>891</u>	<u>741</u>
Current assets		
Other receivables	230	247
Cash and cash equivalents	178	215
	<u>408</u>	<u>462</u>
Total assets	<u><u>1,299</u></u>	<u><u>1,203</u></u>
Equity		
Share capital	6	–
Share premium	6	2,056
Merger reserve	414	414
Share based payment reserve	2,224	391
Accumulated losses	(4,509)	(2,052)
	<u>1,024</u>	<u>809</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	3	4
	<u>3</u>	<u>4</u>
Current liabilities		
Trade and other payables	269	387
Loans and borrowings	3	3
	<u>272</u>	<u>390</u>
Total liabilities	<u>275</u>	<u>394</u>
Total equity and liabilities	<u><u>1,299</u></u>	<u><u>1,203</u></u>

Statement of Changes in Equity

The unaudited, consolidated Statement of Changes in Equity of the Group for the six-month period ended 31 October 2024, together with the unaudited, comparative, consolidated Statement of Changes in Equity of the Group for the six-month period ended 31 October 2023, are set out below:

£'000	Share capital	Share capital to be issued	Share premium	Merger reserve	Share-based payment reserve	Accumulated losses	Total equity
As at 30 April 2023 (audited)	–	910	782	414	–	(800)	1,306
Loss for the period	–	–	–	–	–	(405)	(405)
Share issues	–	(910)	1,010	–	–	–	100
As at 31 October 2023 (unaudited)	–	–	1,792	414	–	(1,205)	1,101
Loss for the period	–	–	–	–	–	(847)	(847)
Share-based payments	–	–	–	–	391	–	391
Share issues	–	–	264	–	–	–	164
As at 30 April 2024 (audited)	–	–	2,056	414	391	(2,052)	809
Loss for the period	–	–	–	–	–	(2,457)	(2,457)
Share-based payment	–	–	–	–	1,833	–	1,833
Share issues	–	–	839	–	–	–	839
As at 31 October 2024 (unaudited)	–	–	2,895	414	2,224	(4,509)	1,024

Statement of Cash Flows

The unaudited, consolidated Statement of Cash Flows of the Group for the six-month period ended 31 October 2024, together with the unaudited, comparative, consolidated Statement of Cash Flows of the Group for the six-month period ended 31 October 2023, are set out below:

	<i>(Unaudited)</i> 6 months ended 31 October 2024 £'000	<i>(Unaudited)</i> 6 months ended 31 October 2023 £'000
Loss after tax for the period	(2,457)	(405)
<i>Adjustments for:</i>		
Interest income	(1)	(5)
Share based payment	1,833	–
Depreciation of property, plant, equipment and intangibles	30	30
Tax	–	(98)
	<u>(595)</u>	<u>(478)</u>
<i>Changes in working capital:</i>		
Increase/(decrease) in other receivables	17	(7)
Increase/(decrease) in trade and other payables	(118)	142
Net cash flows from operating activities	<u>(696)</u>	<u>(343)</u>
Investing activities		
Purchase of property, plant and equipment	(1)	(7)
Purchase of intangibles	(179)	(375)
Interest received	1	5
Net cash used by investing activities	<u>(179)</u>	<u>(377)</u>
Financing activities		
Proceeds from Ordinary Shares	839	200
Payment of long-term borrowings	(1)	(2)
Net cash generated from financing activities	<u>838</u>	<u>198</u>
Net (decrease) in cash and cash equivalents	(37)	(522)
Cash and cash equivalents at beginning of period	<u>215</u>	<u>975</u>
Cash and cash equivalents at end of period	<u><u>178</u></u>	<u><u>453</u></u>

Notes to the Interim Financial Information

1. Corporate Information

The Interim Financial Information represents the results of the Group, comprising the Company and its wholly-owned subsidiary, QBL. The Company was incorporated on 24 April 2013 and is domiciled in England and Wales with the registration number 08501521. The Company's registered office is Alpha House, 4 Greek Street, Stockport, Cheshire SK3 8AB.

The principal business of the Group is the provision of quantum security products and services for product and brand authentication.

The Interim Financial Information was approved for issue by the Directors on the date of this document.

2. Accounting Policies

Accounting convention

The Interim Financial Information has been prepared using the historical cost convention. The stated accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The Interim Financial Information has been prepared in compliance with IFRS and IFRS Interpretations Committee interpretations as adopted by the UK.

Basis of preparation

The accounting policies applied by the Company in the preparation of the Interim Financial Information are the same as those applied by the Company in the preparation of the Group Financial Information set out in Section B "Group Financial Information" of Part III of this document.

The Interim Financial Information is presented in £, which is the Company's and Group's functional currency. All amounts have been rounded to the nearest £'000, unless otherwise stated.

3. Critical accounting estimates and judgments

In preparing the Interim Financial Information, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the Interim Financial Information.

4. Administrative costs and other expenses

	<i>(Unaudited)</i> 6 months ended 31 October 2024 £'000	<i>(Unaudited)</i> 6 months ended 31 October 2023 £'000
Directors' remuneration	11	35
Staff costs	245	168
Professional fees	158	86
Depreciation and amortisation	30	30
Miscellaneous fees	181	197
Share-based payment expense	1,833	–
Total	2,458	516

5. Basic and diluted loss per Ordinary Share

The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	<i>(Unaudited)</i> 6 months ended 31 October 2024	<i>(Unaudited)</i> 6 months ended 31 October 2023
Earnings		
Loss for the period (£'000)	(2,457)	(405)
Number of shares		
Weighted average number of Ordinary Shares	339,250	300,530
Basic and diluted loss per share (pence)	<u>(7.24)</u>	<u>(1.35)</u>

6. Share capital

	<i>Number of Ordinary Shares issued #</i>	<i>Nominal value per Ordinary Share £</i>	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Total share capital £'000</i>
As at 30 April 2024 (audited)	<u>331,359</u>	<u>0.00005</u>	<u>0.016617</u>	<u>2,056</u>	<u>2,056</u>
As at 31 October 2024 (unaudited)	<u>347,138</u>	<u>0.00005</u>	<u>0.017406</u>	<u>2,895</u>	<u>2,895</u>

7. Related party transactions

During the six-months ended 31 October 2024 and the six-months ended 30 October 2023, the following disclosable related party transactions occurred:

Related party transactions – six-months ended 31 October 2024

The University of Lancaster, a Shareholder, provided goods and services amounting to £38k. There were of amounts of £45k outstanding to the related party at the period end.

Related party transactions – six-months ended 31 October 2023

The University of Lancaster, a Shareholder, provided goods and services amounting to £42k. There were of amounts of £nil outstanding to the related party at the period end.

8. Events after the reporting date

On 13 November 2024, QBL disposed of a portfolio of non-core intellectual property relating to patents in a field which QBL was no longer working in and had no plans to commercialise, resulting in a profit on disposal of £155k. Details of the disposal are set out below:

	£'000	£'000
Disposal proceeds		260
Patents at cost	214	
Amortisation charged	<u>(109)</u>	
Net book value		<u>105</u>
Profit on disposal		<u>155</u>

The disposal was made to Qchip, a related party to the Group insofar as its shareholders mirror those of the Company as they stood immediately prior to Admission.

9. Nature of the Interim Financial Information

The Interim Financial Information presented above does not constitute statutory financial statements for the periods under review.

SECTION D: ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION



1 April 2025

The Directors
Quantum Base Holdings plc
Alpha House
4 Greek Street
Stockport
Cheshire SK3 8AB

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Dear Sirs and Madams,

We report on the unaudited pro forma statement of net assets of Quantum Base Holdings plc (the "**Company**") and its subsidiaries (the "**Group**") as at 31 October 2024 (the "**Pro Forma Financial Information**"), as set out in Section E "*Pro Forma Financial Information*" of Part III "*Financial Information*" of the Company's AIM admission document dated 1 April 2025.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the *Pro Forma Financial Information*.

It is our responsibility to form an opinion as to the proper compilation of the *Pro Forma Financial Information* and report that opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the *Pro Forma Financial Information*. In providing this opinion, we are not providing any assurance on any source financial information on which the *Pro Forma Financial Information* is based beyond the above opinion.

Basis of preparation

The *Pro Forma Financial Information* has been prepared on the bases described, for illustrative purposes only, to provide information about how:

- the disposal by Quantum Base Limited of non-core intellectual property on 13 November 2024;
- the issue of the placing shares; and
- the settlement of the placing and admission costs,

might have affected the financial information presented on the basis of the accounting policies adopted by the Group in the preparation of the Group's unaudited consolidated interim financial information for the six-month period ended 31 October 2024.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the “**FRC**”). We are independent of the Company and Group in accordance with relevant ethical requirements. In the United Kingdom this is the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of paragraph (a) of Schedule 2 AIM Rules for Companies, we are responsible for this report as part of the document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe U.K. LLP*Chartered Accountants*

SECTION E: PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro forma Statement of Net Assets of the Group as at 31 October 2024 (the “**Pro Forma Financial Information**”), which has been prepared on the basis of the accounting policies adopted by the Group in preparing the unaudited Interim Financial Information included in Section C “*Interim Financial Information of the Group*” of Part III “*Financial Information*” of this document, to illustrate the effects of:

- the disposal by QBL of non-core intellectual property on 13 November 2024;
- the issue of the Placing Shares; and
- the settlement of the costs associated with the Placing and Admission

on the assets and liabilities of the Group had the disposal of the non-core intellectual property, the Placing and settlement of the Placing and Admission costs occurred on 31 October 2024.

Users should read the whole of this document and not rely solely on the Pro Forma financial Information.

The accountant’s report on the Pro Forma Financial Information is set out in Section D “**Accountant’s Report on the Pro Forma Financial Information**” of Part III “**Financial Information**” of this document.

Pro Forma Statement of Net Assets

	<i>(Unaudited) Group As at 31 October 2024 (Note 1) £’000</i>	<i>Adjustment Sale of non-core intellectual property (Note 2) £’000</i>	<i>Adjustment Placing (Note 3) £’000</i>	<i>Adjustment Settlement of costs (Note 4) £’000</i>	<i>Pro forma balances £’000</i>
Assets					
Non-current assets					
Property, plant and equipment	7	–	–	–	7
Intangible assets	884	(105)	–	–	779
	<u>891</u>	<u>(105)</u>	<u>–</u>	<u>–</u>	<u>786</u>
Current assets					
Other receivables	230	260	–	–	490
Cash and cash equivalents	178	–	3,812	(1,235)	2,755
	<u>408</u>	<u>260</u>	<u>3,812</u>	<u>(1,235)</u>	<u>3,245</u>
Total assets	<u><u>1,299</u></u>	<u><u>155</u></u>	<u><u>3,812</u></u>	<u><u>(1,235)</u></u>	<u><u>4,031</u></u>
Liabilities					
Non-current liabilities					
Loans and borrowings	(3)	–	–	–	(3)
	<u>(3)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3)</u>
Current liabilities					
Trade and other payables	(269)	–	–	–	(269)
Loans and borrowings	(3)	–	–	–	(3)
	<u>(272)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(272)</u>
Total liabilities	<u><u>(275)</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>(275)</u></u>
Net assets	<u><u>1,024</u></u>	<u><u>155</u></u>	<u><u>3,812</u></u>	<u><u>(1,235)</u></u>	<u><u>3,756</u></u>

Notes

1. The financial information of the Group as at 31 October 2024 has been extracted, without adjustment, from the unaudited Interim Financial Information included in Section C “*Interim Financial Information of the Group*” of Part III “*Financial Information*” of this document.

The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Group in preparing the unaudited Interim Financial Information.

2. The adjustment represents the sale by QBL on 13 November 2024 of certain non-core intellectual property. The non-core assets were disposed of for consideration of £260,000 which, after adjusting for their carrying value of £105,000, resulted in a profit on disposal of £155,000. The disposal results in a reduction to “*intangible assets*” within “*non-current assets*” of £105,000 and an increase to “*other receivables*” within “*current assets*” of £260,000.
3. The adjustment represents the issue of the Placing Shares at the Placing Price to the value of £3,812,000. The issue of the Placing Shares results in an increase to “*cash and cash equivalents*” within “*current assets*” of £3,812,000.
4. The adjustment represents the settlement of the costs of the Admission and Placing to the value of £1,235,000. The settlement of the costs results in a decrease to “*cash and cash equivalents*” within “*current assets*” of £1,235,000.
5. With respect to the above adjustments, none will have an ongoing effect on the results of the Group.

PART IV

CORPORATE GOVERNANCE

The Board is committed to the principles of good corporate governance and believes that an effective corporate governance framework is essential to underpin the success of the Group's business. The Board is committed to achieving the highest standards of integrity, ethics, professionalism and business practice throughout the Group's operations. Therefore, the Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "**QCA Code**"), in line with the AIM Rules for Companies, which requires all AIM-quoted companies to adopt a recognised corporate governance code and to explain how the Company complies with and where it departs from the chosen code.

Listed below are the 2023 QCA Code's principles and a description of how the Company complies with them.

1. Establish a purpose, strategy and business model which promotes long-term value for shareholders

The Directors believe that the Group's purpose, strategy and business model and growth strategy, set out in more detail in Part I of this document, will promote long-term value for Shareholders. The Directors intend to subject this strategy to ongoing review and will provide an update on it from time to time in the strategic report that will be included in the annual report and accounts of the Group. As part of this review, the Directors will continue to monitor and identify risks facing the Group and where so identified intend to formulate a mitigation strategy to manage these risks following Admission. The principal risks facing the Group as at Admission are set out in Part II (Risk Factors) of this document.

2. Promote a corporate culture that is based on ethical values and behaviours

The Board is committed to ensuring that Quantum Base operates according to the highest ethical standards and the Board has primary responsibility for achieving this. The Directors believe that the main determinant of whether a business behaves ethically and with integrity is the quality of its employees. The Board, together with the Group's HR function, takes great care to ensure that all individuals employed by the Group demonstrate the required high levels of integrity and are aligned with the corporate values and culture.

To assist with the implementation of these values, the Board has also established the following policies and guidelines:

- an Anti-Bribery and Anti-Corruption Policy;
- a Health, safety and environmental policy;
- a Whistleblowing Policy; and
- a Social Media Policy.

The Group fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Group and supply chain.

The Company was established in 2013 to commercialise Professor Robert Young's discoveries in the field of quantum physics and with a clear set of values and a corporate culture that they believed would be key to Quantum Base's success. The Company continues to place a particular focus on fostering a culture of innovation, scientific excellence and solving real world problems to support the Company's strategy.

3. Seek to understand and meet shareholder needs and expectations

Quantum Base endeavours to engage in clear and consistent dialogue with both existing and potential shareholders to understand their expectations, and to ensure that the Company's strategy, business model and progress are clearly understood. The Board also maintains regular contact with its advisers in order to ensure that the Board develops an understanding of the views of the investor community about the Company.

The Board will communicate with shareholders through:

- the Company's annual report and accounts;
- the Company's interim and full-year results announcements;
- trading updates (where required or appropriate) and other RNS announcements;
- the Company's annual general meetings;
- presentations and Q&A sessions; and
- the investor relations section of the Company's website.

Unpublished price sensitive information is disclosed when appropriate and in accordance with regulatory requirements via the Regulatory News Service.

The Board views the Company's annual general meeting as an important forum for communication between the Company and its shareholders and encourages shareholders to express their views on the Company's business activities and performance. The Board intends to engage with shareholders where a significant percentage do not vote in favour of resolutions at annual general meetings to understand their motivation.

Regular meetings will be held between the CEO, CFO and institutional investors and analysts to ensure that the Company's strategy, financials and business developments are communicated effectively.

Investor relations queries should be directed to the Company's Financial Public Relations adviser at: quantumbase@blytheray.com.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board recognises the importance of corporate social responsibility and seeks to take account of the interests and feedback from all the Company's stakeholders, including its investors, customers and employees, when operating its business. The Board recognises the importance of engaging with all stakeholders and assesses who its key stakeholders are to consider the impact of, and risks associated with, the relationship, and the potential influence they may have on the Company's success.

The Board believes that fostering an environment in which employees act in an ethical, socially and environmentally responsible fashion is an important factor for the Group's long-term success.

The Company seeks to ensure continued engagement with its employees, clients, suppliers, shareholders and the wider public via:

- having processes in place designed to ensure regular dialogue between employees and senior management; and
- technological means, using the functionality of online tools to gain insights and feedback from its clients, partners and the public.

David Broadbent, in collaboration with the Company's PR adviser and the CEO, holds primary responsibility for public stakeholder matters. Meanwhile, the CEO, together with Robert Young, leads operational matters both with the support of the Board and management team.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

Quantum Base has an experienced Board of both Executive and Non-Executive Directors and is supported by qualified professional advisers. The Board aims to set policies that seek to limit and mitigate ongoing risk as much as possible, without unduly affecting the Company's core values, competitiveness and flexibility as a challenger in the industry. This approach is intended to serve the interests of creating lasting shareholder value while also protecting Quantum Base's corporate culture and business as a whole.

Quantum Base manages risk in order to limit potential adverse effects on the implementation of its growth strategy, its performance and the interests of its stakeholders. It does this by actively promoting the identification and management of risk at its leadership meetings with the management team and Board.

Management of the core risks to the business is fostered in the key commercial processes and the regular activities of the management team. The Executive Directors are integrated in the daily operations of the Group and represent the day-to-day functioning of the business to the Board.

The Company also has an Audit Committee which manages and reports on the risks associated with the Company, as well as overseeing the Company's compliance with the AIM Rules and UK MAR concerning disclosure of inside information.

Each year, the Company's annual report and accounts will contain a section setting out what the Board considers to be the main risks faced by the Group. The Company's auditor is independent of management.

6. Establish and maintain the Board as a well-functioning, balanced team led by the Chair

The Board is responsible to Quantum Base shareholders for the effective oversight, corporate governance arrangements and long-term success of the Company.

The Chair is responsible for leading the Board and ensuring that it remains effective in fulfilling this role. The Chair sets the Board's agenda and ensures that there is appropriate focus on strategic issues and the monitoring of performance and risks. The Chair promotes openness and debate within the Board, whereby all Directors can discuss and challenge the actions of the executive management, promoting effective and balanced decision making, and ultimately supporting the Company's long-term, sustainable success.

The Board consists of six Directors: three Non-Executive Directors and three Executive Directors. The three Non-Executive Directors are considered to be independent, in line with QCA Code's guidance, and the Board believes that the structure and balance of the Board is suitable for the current size of the Company.

The Board members are as follows:

- Mark Fahy (Independent Non-Executive Chairman);
- Thomas Taylor (Chief Executive Officer);
- Robert Young (Chief Scientific Officer);
- David Broadbent (Chief Financial Officer);
- Lucy Tarleton (Independent Non-Executive Director); and
- Adrian Collins (Independent Non-Executive Director).

To fulfil their obligations, the Board is satisfied that each of the Directors has enough time to commit to the Group's business.

The Non-Executive Directors of the Board have been selected with the objective to further support the breadth of skills and experience of the Board and bring constructive challenge to the Executive Directors. The biographies of the Directors and Senior Management are further set out in paragraph 9 of Part I of this document. The Non-Executive Directors are also responsible for the effective running of the Board's committees and ensuring that the committees support the strategic priorities of the Board. The Company has not appointed a Senior Independent Director in light of the current size and nature of the business, and the balance of the Board.

The Board is also supported by the Audit Committee, the Remuneration Committee and Nomination Committee, further details of which are set out in paragraph 17 of Part I of this document.

7. Maintain appropriate governance structures and ensure that, individually and collectively, Directors have the necessary up-to-date experience, skills and capabilities

Quantum Base requires a broad range of capabilities, skills and competencies to be recognised on its Board. The Board believes that its members have a suitable combination of backgrounds, knowledge and personal

qualities to meet this requirement and deliver high quality service centred on its core objectives, which reflect the size and nature of the Company. The Board's collective experience covers industry, operational, risk management, financial and regulatory aspects, including public company experience.

The Directors are provided with updates on market and regulatory developments, and are provided training, as required, to ensure that their skills and experience are kept up to date. Regular updates, briefings and/or refresher trainings from the Company's Nominated Adviser and legal counsel will be provided on relevant matters, as required, including compliance with the Companies Act 2006, AIM Rules, the QCA Code and Market Abuse Regulation.

The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee, details of which can be found on the Company's website.

8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Company's process for evaluating the performance of the Board, its committees and individual Directors, will primarily be undertaken by the Nomination Committee on, at least, an annual basis. The Nomination Committee regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations and reviews the results of any Board performance evaluation process that relate to the composition of the Board. The views of the major shareholders will be considered by the Nomination Committee.

Personal objectives/targets will be determined each year for each of the Executive Directors and leadership team, and performance will be measured against these metrics.

The Nomination Committee, over the course of time, will make recommendations to the Board concerning plans for succession for both Executive and Non-Executive Directors and any matters relating to the continuation in office of any Director at any time. The Company has not commissioned a third-party review of the Board performance, but the Nomination Committee will keep this under review.

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Board will prepare a remuneration report as part of the corporate governance section of the Company's annual report and accounts.

The Remuneration Committee will ensure that Board remuneration is structured to link rewards to corporate and individual performance and is designed to promote the long-term success of the Company. Further information on the Remuneration Committee can be found on the Company's website. The Company does not currently have any share-based incentive plan in place but this is intended to be implemented in due course.

The Group aims to provide salaries that attract and retain skilled individuals with the appropriate experience, including those who can add value to the Board. The Board's fees will be reviewed on an annual basis to ensure they remain competitive and aligned with market rates and adequately reflect the time commitments and overall contribution to the role.

The Company will put its annual remuneration report to an advisory shareholder vote at its general meetings.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises that it is accountable to shareholders for the performance and activities of the Group and, to this end, is committed to maintaining good communication and having constructive dialogue with its shareholders.

The Board communicates with shareholders in a number of ways, including via:

- the Company's annual report and accounts;

- the Company's interim and full-year results announcements;
- trading updates (where required or appropriate) and other RNS announcements;
- the Company's annual general meetings;
- presentations and Q&A sessions; and
- the investor relations section of the Company's website.

Additionally, the Board considers the Company's annual general meetings to be an important forum to engage directly with shareholders and fosters open dialogue with all stakeholders on their views on the Company's business activities and performance. Details of shareholder votes shall be published by the Company. The Board will consider and report on, as appropriate, where any resolution receives a significant number of votes against.

Corporate information, including annual reports, notices of general meetings and other regulatory announcements, is available on the Company's website.

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and functions are set out on page 26 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company is domiciled in the United Kingdom and was incorporated and registered as a private company limited by shares on 6 March 2020 in England and Wales under the Act with its current name and with registration number 12502915.

2.2 On 28 January 2025, the Company was re-registered as a public limited company under the Act and its name was changed to Quantum Base Holdings plc.

2.3 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares. The principal legislation under which the Company operates and which the Placing Shares will be issued is the Act and regulations made thereunder.

2.4 The Company's principal activity is carrying out a quantum science business focused on the provision of authentication solutions through proprietary technologies including Quantum Identities (Q-IDs). It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.5 of this Part V. Further details of the history and background of the Company and the subsidiary undertakings are set out in paragraph 3 of Part I.

2.5 As at the date of this document, the Company has, and will on Admission have, the following subsidiary undertakings all of which are incorporated in the UK:

<i>Name of company</i>	<i>Percentage held</i>
Quantum Base Limited	100%
Quantum Base Enterprises Limited	100%

2.6 The registered office of the Company is Alpha House, 4 Greek Street, Stockport, Cheshire SK3 8AB, and its telephone number is 01524 488808.

2.7 The principal place of business of the Company is at Physics Department, Lancaster University, Bailrigg, Lancaster LA1 4YW.

2.8 The Company's website address is <https://quantumbase.com/>.

3. Share Capital of the Company

3.1 As at the date of this document and, assuming that the Placing is fully subscribed, immediately following Admission, the issued and fully paid up share capital of the Company is, and will be, as follows:

	<i>Number of Ordinary Shares issued and credited as fully paid</i>	<i>Aggregate nominal value (£)</i>
Immediately prior to Admission	43,248,304	43,248
Immediately following Admission	Up to 64,080,319	Up to 64,080

- 3.2 On incorporation the share capital of the Company was £0.00005 divided into 1 A ordinary share of £0.00005 each. The subscriber shareholder was Phillip Speed, who held that 1 A ordinary share of £0.00005.
- 3.3 The following changes to the share capital of the Company have taken place since incorporation to the date of this document:
- a) on 10 March 2020, 264,256 A ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 264,257 A ordinary shares of £0.00005 with an aggregate nominal value of £13.21285;
 - b) on 10 March 2020, 1 B ordinary share of £0.05 each was allotted. The total statement of capital of the Company was 264,257 A ordinary shares of £0.00005 and 1 B ordinary share of £0.05 with an aggregate nominal value of £13.26285;
 - c) on 23 September 2021, 4,271 A ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 268,528 A ordinary shares of £0.00005 and 1 B ordinary share of £0.05 with an aggregate nominal value of £13.4764;
 - d) on 29 March 2022, 16,950 A ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 285,478 A ordinary shares of £0.00005 and 1 B ordinary share of £0.05 with an aggregate nominal value of £14.3239;
 - e) on 9 June 2023, 30,102 A ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 315,580 A ordinary shares of £0.00005 and 1 B ordinary share of £0.05 with an aggregate nominal value of £15.829;
 - f) on 28 March 2024, 15,779 C ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 315,580 A ordinary shares of £0.00005, 1 B ordinary share of £0.05 and 15,779 C ordinary shares of £0.00005 each with an aggregate nominal value of £16.61795;
 - g) on 18 July 2024, 15,779 A ordinary shares of £0.00005 each were allotted. The total statement of capital of the Company was 331,359 A ordinary shares of £0.00005, 1 B ordinary share of £0.05 and 15,779 C ordinary shares of £0.00005 each with an aggregate nominal value of £17.4069;
 - h) on 16 December 2024:
 - i. a bonus issue of shares was made out of the Company's share premium account pro rata to existing shareholdings - 2,882 new A or C ordinary shares were issued for every 1 A ordinary share or C ordinary share held. The total share capital was 955,307,997 A Ordinary Shares of £0.00005 each, 1 B Ordinary Share of £0.05 and 45,490,857 C Ordinary Shares of £0.00005 each, with an aggregate nominal amount of £50,039.9927;
 - ii. the Company cancelled the balance of its share premium account; and
 - iii. the Company undertook a consolidation of its share capital on a 1-for-2,883 basis. The total share capital was 331,359 A Ordinary Shares of £0.14415 each, 1 B Ordinary Share of £0.05 and 15,779 C Ordinary Shares of £0.14415 each;
 - i) on 31 March 2025:
 - i. 33,925 C ordinary shares of £0.14415 each were allotted pursuant to the exercise of certain options
 - ii. 42,340 A ordinary shares of £0.14415 each were allotted;
 - iii. the following changes to the Company's share capital took place in the following order:
 - a) 373,699 A ordinary shares of £0.14415 each were sub-divided into 373,699 A ordinary shares of £0.10 each and 373,699 deferred shares of £0.04415 each;
 - b) 49,704 C ordinary shares of £0.14415 were sub-divided into 49,704 C ordinary shares of £0.10 each and 49,704 deferred shares of £0.04415 each;
 - c) 373,699 A ordinary shares of £0.10 were sub-divided into 37,369,900 A ordinary shares of £0.001 each; and

- d) 49,704 C ordinary shares of £0.10 were sub-divided into 4,970,400 C ordinary shares of £0.001 each;
- e) 1 B ordinary share of £0.05 was redesignated as a deferred share of £0.05; and
- f) 37,369,900 A ordinary shares of £0.001 each and 4,970,400 C ordinary shares of £0.001 each were redesignated as 42,340,300 ordinary shares of £0.001 each,
- g) and the total share capital of the Company was 42,340,300 ordinary shares of £0.001 each, 423,403 deferred shares of £0.4415 each and 1 deferred share of £0.05.
- h) on 31 March 2025 812,999 new Ordinary Shares were issued and allotted to Thomas Taylor in satisfaction of the Taylor Loan.
- i) on 31 March 2025 95,004 new Ordinary Shares were issued and allotted to Lancaster University Business Enterprises Ltd further to the rights previously attaching to the B Ordinary Share.

3.4 By virtue of the resolutions passed by the requisite number of Shareholders on 21 March 2025:

- a) the Directors are generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the capital of Company up to an aggregate nominal amount of £49,131, comprising:
 - i. up to an aggregate nominal amount of £25,403, in connection with the Placing and Admission;
 - ii. up to an aggregate nominal amount of £1,355, in connection with the Warrants; and
 - iii. otherwise than in connection with the matters set out in sub-paragraph 3.4(a)(i) above, up to an aggregate nominal value equal to the lesser of £22,373 and one third of the nominal amount of the Enlarged Issued Share Capital,

and this authorisation shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on 30 June 2026, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require shares to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot shares (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired, been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 551 of the Act;

- b) the Directors be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorisation conferred by paragraph 3.4(a) above as if section 561 of the Act did not apply to the allotment, up to an aggregate nominal amount of £33,538, comprising:
 - i. up to an aggregate nominal amount of £25,403, in connection with the Placing and Admission; and
 - ii. up to an aggregate nominal amount of £1,355, in connection with the Warrants; and
 - iii. otherwise than in connection with the matters set out in sub-paragraph 3.4(b)(i) above, up to an aggregate nominal value equal to the lesser of £6,780 and one tenth of the aggregate nominal amount of the Enlarged Issued Share Capital,

and this authorisation shall, subject to the continuance of the authority conferred by paragraph 3.4(a) above and unless previously renewed, revoked or varied by special resolution, expire on 30 June 2026, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require equity securities to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot equity securities (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired or been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 570 of the Act.

3.5 Save as disclosed in this Part V, since 31 October 2024 (being the date of the most recent balance sheet included in Part III of this document) (other than pursuant to the Placing and the Subscription):

- a) no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- b) no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
- c) no person has any preferential subscription rights for any share capital of the Company;
- d) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
- e) neither the Company nor any other member of the Group holds any of the Ordinary Shares;
- f) the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
- g) there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

3.6 The Ordinary Shares have been created under the Act.

3.7 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Group to issue shares in uncertificated form.

3.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.9 The Group does not have in issue any securities not representing share capital.

3.10 There are no issued but not fully paid Ordinary Shares.

3.11 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.12 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.

3.13 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

4. Reorganisation

4.1 In connection with Admission, the Company has implemented the following reorganisation steps (together, the “Reorganisation”):

4.1.1 Bonus issue and reduction of capital

- a) In order to re-register as a public limited company:
 - i. the nominal value of the Company’s allotted share capital needed to be not less than £50,000 which needed to be paid-up as to at least one-quarter of the nominal value of each share and the whole of the premium on it (the “**Share Capital Requirement**”); and
 - ii. there needed to be a balance sheet produced (prepared as at a date not more than 7 months before the date of the application to re-register), together with an unqualified report by the Company’s auditor on that balance sheet and a written statement by the company’s auditor that, in his opinion, at the balance sheet date the amount of the company’s net assets was not less than the aggregate of its called-up share capital and undistributable reserves (the “**Net Assets Requirement**”).

- b) On 16 December 2024 a bonus issue of shares was made out of the Company's share premium account *pro rata* to existing shareholdings (thereby being non-dilutive) to ensure that the aggregate nominal value of the Company's issued share capital is in excess of the authorised minimum (thereby satisfying the Share Capital Requirement). 2,882 new A or C ordinary shares were issued for every 1 A or C Ordinary Share held.
- c) The resulting issued share capital was 955,307,997 A Ordinary Shares of £0.00005 each, 1 B Ordinary Share of £0.05 and 45,490,857 C Ordinary Shares of £0.00005 each, being an aggregate nominal amount of £50,039.9927, which satisfied the Share Capital Requirement.
- d) Immediately following the bonus issue the Company carried out a reduction of capital by cancelling the balance of its share premium account, which was authorised by a special resolution of the Company's shareholders.
- e) The bonus issue and reduction of capital produced net assets of £2,894,980, which were to be greater than the called-up share capital and non-distributable reserves of £2,816,122, thereby satisfying the Net Assets Requirement.

4.1.2 Consolidation of the A ordinary shares and C ordinary shares

- a) Immediately following Step 1, on 16 December 2024 the Company reverted the number of shares held by A ordinary and C ordinary shareholders to those previously held by effecting a consolidation on a 1-for-2,883 basis. The resulting number of shares in issue at this stage were 331,359 A Ordinary Shares of £0.14415 each, 1 B Ordinary Share of £0.05 and 15,779 C Ordinary Shares of £0.14415 each.

4.1.3 Re-registration as a public limited company

- a) On 24 January 2025:
 - i. the re-registration of the Company as a public limited company by the name of Quantum Base Holdings plc was approved by the Shareholders; and
 - ii. the adoption of new articles of association appropriate for a public limited company listed on AIM in substitution for and to the exclusion of all other articles of association (with effect from the re-registration of the Company as a public limited company) was approved by the Shareholders.
- b) Following these Shareholder approvals referred to at paragraph 4.1.3(a) of Part V above, the re-registration of the Company as a public limited company by the name of Quantum Base Holdings plc and the adoption of the new articles of association took effect on 28 January 2025.

4.1.4 Exercise of options, allotment of new A Ordinary Shares, redesignation of shares as a single class of Ordinary Shares

- a) On 13 March 2025 the Company issued a notice of general meeting to Shareholders (and relevant class meeting notices where required), seeking authority, *inter alia*, for the following:
 - i. the allotment of 33,925 new C ordinary shares of £0.14415 each pursuant to the exercise of certain options and capitalise amounts standing to the credit of the Company's profit and loss account in order to pay up the nominal value of such shares;
 - ii. the allotment of 42,340 new A ordinary shares of £0.14415 each to Lancaster University Business Enterprises Ltd pursuant to its conversion rights under the Articles;
 - iii. undertake the following changes to the Company's share capital:
 - a) firstly:
 - the sub-division of the 373,699 A ordinary shares of £0.14415 into 373,699 A ordinary shares of £0.10 each and 373,699 deferred shares of £0.04415 each; and

the sub-division of the 49,704 C ordinary shares of £0.14415 into 49,704 C ordinary shares of £0.10 each and 49,704 deferred shares of £0.04415 each;

b) secondly:

the sub-division of the 373,699 A ordinary shares of £0.10 into 37,369,900 A ordinary shares of £0.001 each; and

the sub-division of the 49,704 C ordinary shares of £0.10 into 4,970,400 C ordinary shares of £0.001 each;

the re-designation of the 1 B ordinary share of £0.05 as a deferred share of £0.05.

c) thirdly, the re-designation of each of the 37,369,900 A ordinary shares of £0.001 each and 4,970,400 C ordinary shares of £0.001 each as 42,340,300 ordinary shares of £0.001 each

b) On 21 March 2025, each of the resolutions referred to in paragraph 4.1.4(a) of Part V above were passed by the Shareholders. Each of the meetings were held at short notice pursuant to consents received from Shareholders pursuant to section 307(2) of the Act.

4.2 The Reorganisation did not affect the Company's operations.

5. Articles of Association

5.1 General

5.1.1 The Articles, which were adopted by the Company on 28 January 2025, available to download at the Company's website, <https://quantumbase.com/>, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

5.1.2 In this paragraph 5 of Part V, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

5.1.3 The Company has unrestricted objects.

The Articles contain provisions, among others, to the following effect:

5.2 Meetings of Members

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Act.

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the Company. The notice shall specify the time and place of the meeting and, in the case of special business, the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting.

The directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion.

A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

5.3 **Voting Rights**

At a general meeting of the Company, subject to any special rights or restrictions attached to any class of shares:

5.3.1 on a show of hands every member present in person has one vote, every duly appointed proxy present has one vote (unless they have been appointed by more than one member and has been instructed by one or more members to vote for a resolution and by one or more other members to vote against it, in which case they have one vote for and one vote against the resolution) and any person duly appointed to act as the authorised representative of a corporate member (or each of them if more than one) has one vote; and

5.3.2 on a poll every member has one vote for every share held by him.

No shareholder will be entitled to vote at a general meeting or any separate meeting of the holders of any class of shares in the Company in respect of any share held by them unless all moneys presently owed to the Company have been paid.

5.4 **Alteration of Capital**

The Company may from time to time by ordinary resolution:

5.4.1 consolidate and divide all or any of its shares into shares of larger amount; and

5.4.2 sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division.

The Group may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

5.5 **Variation of Rights**

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of their holding, shall be deemed to constitute a meeting.

5.6 **Purchase of Own Shares**

Subject to the provisions of the Act, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

5.7 **Transfer of Shares**

Any member may transfer all or any of their shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

5.8 **Dividends and other distributions**

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions.

In a winding up, the liquidator may, subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

5.9 **Restrictions on Shares**

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 793 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board (of the Company) may serve on such member or on any such person a notice (“a direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned (less any shares of that class held in treasury) the direction notice may in addition direct that: (i) except in a liquidation of the Company, no payment shall be made by the Company on the default shares, whether in respect of capital or dividend or otherwise, (ii) no other distribution shall be made on the default shares; and (iii) no transfer of any of the shares held by the member shall be registered unless: (A) the member itself is not in default as regards supply the requested information and the member certifies that no person in default as regards supplying the requested information is interested in any of the shares the subject of the transfer; (B) the transfer is an approved transfer; or (C) registration is required under regulation 27 of the CREST Regulations. The prescribed period referred to above means 14 days from the date of service of the notice under Section 793.

5.10 **Directors**

5.10.1 At the first annual general meeting of the Company all of the directors for the time being shall retire from office and put themselves up for re-election. At every subsequent annual general meeting, any director appointed by a resolution of the Board shall retire and in addition to any director who was not appointed or re-appointed at one of the preceding two annual general meetings.

5.10.2 Save as provided in sub-paragraph 5.10.3 below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which they have an interest which together with any interest of any person connected with them is to their knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

5.10.3 The prohibition in sub-paragraph 5.10.2 above shall not apply to a director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to them in respect of money lent or obligations incurred by them for the benefit of the Company or any of its Subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its Subsidiaries for which they have assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its Subsidiaries by him; (iv) any proposal concerning any other company in which they and any persons connected with them do not to their knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of

employees of the Company or any of its Subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which they may benefit.

5.10.4 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The directors may pay pensions and other benefits to, *inter alia*, present and past employees and directors and may set up and maintain schemes for the purpose.

5.10.5 Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two. There is no maximum number of directors. A director shall not be required to hold any shares of the Company by way of qualification.

5.11 **Borrowing Powers**

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. **The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules**

6.1 **Mandatory bids**

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

6.2 **The Concert Party**

The Company has agreed with the Takeover Panel that the members of the Speed Concert Party, the Wild and McCracken Concert Party and the Young Concert Party are, separately, acting in concert for the purposes of the City Code.

Further details of the holdings of the Speed Concert Party, Wild and McCracken Concert Party and Young Concert Party are given above in Paragraph 24 of Part I of this Document.

6.3 **Compulsory acquisition – squeeze out**

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.4 **Compulsory acquisition – sell out**

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire their shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of their right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. **Interests of the Directors**

7.1 The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules for Companies) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document, immediately prior to Admission and, assuming that the Placing is fully subscribed, immediately following Admission:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Mark Fahy	424,000	0.98%	696,727	1.09%
Thomas Taylor	1,917,499	4.34%	4,329,004	6.76%
David Broadbent	0	0.00%	0	0.00%
Robert Young	10,000,000	23.12%	10,000,000	15.61%
Lucy Tarleton	0	0.00%	0	0.00%
Adrian Collins	0	0.00%	216,450	0.34%

7.2 No Director has any interest in any options held over Ordinary Shares pursuant to the EMI Plan

7.3 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.

7.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

7.5 Save as disclosed in this paragraph 7, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

8. **Directors' Service Agreements and Letters of Appointment**

8.1 The Directors have been appointed to the offices and roles set out against their respective names below. The service agreements and letters of appointment summarised below are each between the respective Director and the Company.

8.2 **Executive Directors**

- 8.2.1 Pursuant to an agreement with the Company dated 31 March 2025, Thomas Taylor is employed by the Group as Chief Executive Officer. Mr Taylor's salary is £175,000 per annum. The Company may in its absolute discretion pay to Mr Taylor a bonus of such amount up to an annual amount equal his base salary, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Mr Taylor's employment commencement date for the purposes of his continuous employment is 2 February 2024. In addition to the usual conduct-related termination rights, the service agreement entitles Mr Taylor or the Company to terminate his employment on 6 months' notice. Mr Taylor's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of 12 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.
- 8.2.2 Pursuant to an agreement with the Company dated 31 March 2025, David Broadbent is employed by the Company as Chief Financial Officer initially on the basis that he works on average 2.5 days per week for the Company. Mr Broadbent's salary is £100,000 per annum. The Company may in its absolute discretion pay to Mr Broadbent a bonus of such amount up to an annual amount equal his base salary, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Mr Broadbent's employment commencement date for the purposes of his continuous employment is Admission. In addition to the usual conduct-related termination rights, the service agreement entitles Mr Broadbent or the Company to terminate his employment on 6 months' notice. Mr Broadbent's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of 12 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.
- 8.2.3 Pursuant to an agreement with the Company dated 31 March 2025, Robert Young is employed by the Group as Chief Scientific Officer. Professor Young's salary is £175,000 per annum. The Company may in its absolute discretion pay to Professor Young a bonus of such amount up to an annual amount equal his base salary, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Professor Young's employment commencement date for the purposes of his continuous employment is 24 April 2013, the date on which he commenced work with the Company's subsidiary, QBL. In addition to the usual conduct-related termination rights, the service agreement entitles Professor Young or the Company to terminate his employment on 6 months' notice. Professor Young's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of 12 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers. Professor Young is to be permitted to continue his duties as a Professor at Lancaster University and as a director of Q-chip Security Limited.

8.3 **Non-Executive Directors**

- 8.3.1 Pursuant to a letter of appointment with the Company dated 31 March 2025, Mark Fahy has been appointed as the Non-Executive Chairman of the Company with effect from Admission. The appointment was for an initial term of one year, subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to Mr Fahy will be £80,000 per annum before tax. This fee is based on the anticipated time commitment of four days per month.
- 8.3.2 Pursuant to a letter of appointment with the Company dated 31 March 2025, Lucy Tarleton has been appointed as a non-executive director of the company with effect from Admission. The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to her will be £45,000 per annum before tax, with an anticipated time commitment of two days per month.
- 8.3.3 Pursuant to a letter of appointment with the Company dated 31 March 2025, Adrian Collins has been appointed as a non-executive director of the Company with effect from Admission.

The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to him will be £45,000 per annum (which will be paid to his service company Fincorp International Ltd), with an anticipated time commitment of two days per month.

- 8.4 The aggregate remuneration and benefits in kind paid by the Company to the Directors in respect of the financial period ended 30 April 2024 was £63,000. It is estimated that under the arrangements currently in force as at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors by the Company for the financial period ending 30 April 2025 will be no less than £110,000.

9. Additional Information on the Directors

- 9.1 Other than in respect of the Company, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

<i>Name</i>	<i>Current Directorships/ Partnership</i>	<i>Former Directorships/ Partnerships</i>
Mark Fahy	MJF Consulting Limited Quantum Base Limited Quantum Base Enterprises Limited Robert James Young Consulting Limited RC Fornax plc	N/A
Thomas Taylor	Quantum Base Limited	Plasmatrack Limited (in administration) Tom Taylor Ventures Limited
David Broadbent	Cross Royd Consulting Limited	Commercial and Northern Limited BN Funding Limited
Robert Young	Quantum Base Limited Quantum Base Enterprises Limited Robert James Young Consulting Limited Qchip Security Limited	N/A
Lucy Tarleton	CFPro COSEC Limited CFPro Limited	CFPro Holdings Limited The Friends of Richmond Park
Adrian Collins	Logistics Development Group plc Fincorp International Limited LSL Property Services PLC	Fidelis Underwriting Limited LTC Holdings Limited Heritage Collins Ltd Challenger Energy Group plc The Sri Lanka Fund Ltd Tri-Star Resources Limited Bradshawcollins Ltd CIP Merchant Capital Ltd Hargreaves Lansdown plc

- 9.2 Save as disclosed in paragraphs 9.3 to 9.9, none of the Directors has:

- 9.2.1 any unspent convictions in relation to indictable offences;
- 9.2.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;

- 9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;
 - 9.2.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while they were a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
 - 9.2.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
 - 9.2.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or
 - 9.2.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- 9.3 Thomas Taylor was a director of Plasmatrack Limited (company number 12497536) from 16 January 2024 until 31 October 2024 having been one of a number of early stage investors in Plasmatrack Limited. Certain other investors asked Mr Taylor to join Plasmatrack Limited's board and represent them in attempting to address its solvency issues. Plasmatrack Limited's board's assessment of its solvency was such that on 24 April 2024 an administrator was appointed further to which Plasmatrack Limited's business and assets were sold to its secured creditors, the notice of statement of affairs in administration filed by the administrators on 1 May 2024 having shown a deficit to creditors of £2,435,781.
- 9.4 David Broadbent was a director of Fairpoint Group PLC (company number 04425339) ("Fairpoint") and its subsidiaries from 15 September 2016 until 10 August 2017.

Mr Broadbent was appointed as a CFO Designate to Fairpoint on 1 August 2016, and as group CEO in March 2017. Fairpoint went into Administration on 10 August 2017 with debts owed of circa £29.2 million. Doorway Capital acquired the group when it acquired the bank debt of £22.7 million, which left £6.5 million owed to other creditors. Administrators were appointed to Fairpoint and its subsidiaries Debt Free Direct Limited (company number: 04160038) and Lawrence Charlton Limited (company number: 04992828) ("Lawrence Charlton"). The cause of the failure of these businesses pre-date Mr Broadbent's appointment. Mr Broadbent played a prominent role in ensuring that the impact was substantially minimised. Employees and HMRC were paid in full, and no customer detriment occurred as debt management plans were cancelled and customers moved to a different firm, Pay Plan.

David Broadbent was a director of Commercial and Northern Limited (formerly known as Bank North Limited) (company number: 11030672) from June 2018 to January 2023. The Company's Series B equity capital raise, which was required to provide sufficient regulatory capital, failed to reach its minimum target of £30 million, predominantly because of the macro-economic backdrop during Q2 and Q3 of 2022. The board triggered the decision to solvently wind down the business on 30 September 2023, and the members' voluntary liquidation process completed in December 2023 with c£1.6 million being returned to shareholders, equating to a rate of £0.0058 per ordinary share of £0.01 nominal value.

David Broadbent was appointed as a CEO Designate of Together Personal Finance Limited ("Together") in March 2024. Soon after, a pre-claim notice was received with an accusation that a small group of investors had been misled when investing in Bank North Limited in 2022. The letter was disclosed to Together and to the FCA. In May 2024 the FCA suggested considering withdrawing Mr Broadbent's SMF1 application given the potential reputational risk the appointment could carry. The application was withdrawn in May 2024. No actual evidence of any wrongdoing has ever been provided.

- 9.5 Adrian Collins was a director of Geared Income Investment Trust Plc, which appointed administrative receivers of the company on 8 April 2003 and was dissolved on 29 May 2018, with an estimated shortfall to creditors of c. £116 million.
- 9.6 Adrian Collins was a director of Sporting Classics Publications Limited, which was put into creditors' voluntary liquidation on 3 March 1999.
- 9.7 Adrian Collins was a director of Colorvision plc, which appointed joint administrative receivers on 31 July 1996.
- 9.8 Adrian Collins was a director of Murray Meat Markets Ltd which appointed administrative receivers on 21 April 1992, and the official receiver appointed a liquidator on 25 November 1992.
- 9.9 Adrian Collins was a director of Marillion plc, where he resigned as a director on 11 December 1991, appointed administrative receivers on 1 July 1992.
- 9.10 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 9.11 No loans made or guarantees granted or provided by any member of the Company to or for the benefit of any Director are outstanding and there are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries.

10. Significant Shareholders

- 10.1 Save as disclosed in paragraph 7.1 of this Part V, the Company is only aware of the following persons who, as at the date of this document and immediately following Admission, are or will be immediately following Admission interested (within the meaning used in Chapter 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly, jointly or severally, in 3 per cent. or more of the Company's issued share capital or could exercise control over the Company:

	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Phillip Speed	8,437,200	19.51%	8,437,200	13.17%
Lancaster University Business Enterprises Ltd	4,329,004	10.01%	4,329,004	6.76%
Peter Wild	2,153,500	4.98%	2,153,500	3.36%
Simon Birney	1,627,900	3.76%	1,627,900	2.54%
Alan Gilchrist	1,531,900	3.54%	1,531,900	2.39%
Unicorn Asset Management	0	0.00%	3,246,753	5.07%
Shore Capital Group Investments (Puma VCT)	0	0.00%	2,077,922	3.24%

- 10.2 Save as disclosed in paragraph 10.1 above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.
- 10.3 None of the Directors nor any persons named in paragraph 10.1 above has voting rights which are different to those of other Shareholders.

11. Employees

11.1 As at 31 March 2025 the Group had a total of 12 permanent employees.

11.2 The breakdown of the number of employees per main category of activity is as follows:

11.2.1 Technical 10

11.2.2 Sales 1

11.2.3 Administration 1

12. Employee Share Plans

Outstanding Share Options

The Company has previously operated the EMI Plan. All EMI Plan options will be exercised as referred to in paragraph 3.3(i) of this Part V, and no further options will be granted under the EMI Plan.

13. Material Contracts

Other than as set out below and in paragraph 15 of this Part V, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

13.1 *Placing Agreement*

Under the Placing Agreement dated 31 March 2025 between the Company, each Director, Cavendish and Strand Hanson:

- (a) Cavendish has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;
- (b) the Company has agreed to pay the costs relating to Admission and the Placing (the “**AIM Flotation**”) and a fee to Cavendish and Strand Hanson, given certain warranties to Cavendish and Strand Hanson as to accuracy of the information in this document and certain other matters concerning the Company and the Group and given an indemnity to Cavendish and Strand Hanson and their respective affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM Flotation;
- (c) the Company has agreed to pay Strand Hanson the fees set out in the engagement letter between Strand Hanson and the Company dated 15 October 2024 (“**SH EL**”);
- (d) the Company has agreed, subject to Cavendish’s obligations under the Placing Agreement becoming unconditional, to allot and issue the Placing Shares to or at the direction of the persons procured by Cavendish to subscribe for them under the Placing and to pay Cavendish a corporate finance fee, a placing commission;
- (e) The Company has also agreed to grant to each of Cavendish and Strand Hanson, on Admission such number of warrants to subscribe for Ordinary Shares at the Placing Price as will equate to 1 per cent. of the Enlarged Share Capital over a period of (in the case of Cavendish) 3 years from Admission and (in the case of Strand Hanson) 5 years from Admission.
- (f) The obligations of Cavendish and Strand Hanson are conditional on (i) Admission occurring by 8.00 a.m. on 4 April 2025 or by such later date no later than 30 April 2025 as may be agreed between Cavendish, Strand Hanson and the Company; and (ii) the fulfilment, or waiver by Cavendish and Strand Hanson, of certain procedural and other customary conditions; and
- (g) Cavendish and Strand Hanson each has the right to terminate its obligations under the Placing Agreement prior to Admission in the event of any breach by the Company or any Director of any of their respective obligations or warranties which Cavendish or Strand Hanson (as the case maybe) considers to be material and in the event of certain force majeure circumstances. If the obligations of Cavendish and/or Strand Hanson under the Placing Agreement are terminated, neither of the Placing or the RetailBook Offer will proceed and no shares will be issued or sold under the Placing.

13.2 **Lock-in Agreements and Non Rule 7 Lock-in Agreements**

The Locked-in Shareholders have entered into the lock-in Agreements pursuant to which each Locked-in Shareholder has undertaken to the Company, Strand Hanson and Cavendish that, save in specified and customary circumstances summarised below, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect) for the Restricted Period. In addition, such Locked-in Shareholders have agreed, for a further period of 12 months following expiry of the Restricted Period not to dispose of any Ordinary Shares except through Cavendish with a view to maintaining an orderly market in the Ordinary Shares. There are certain market standard exceptions.

The Non Rule 7 Locked-in Shareholders have each entered into a Non Rule Lock-in Agreements pursuant to which each Locked-in Shareholder has undertaken to the Company, Strand Hanson, Cavendish in the same terms as the Lock In Agreement, save that they may dispose of Ordinary Shares held by them at any time with the consent of Strand Hanson and Cavendish and the Company given in the interest of maintaining an orderly market.

13.3 **Relationship Agreements**

13.3.1 On 31 March 2025, the Company and Strand Hanson entered into a relationship agreement with Robert Young (who will on Admission hold 15.61 per cent. of the Enlarged Share Capital) whereby, conditional upon Admission, Mr Young has agreed that all transactions and relationships between him and the Company and/or any member of the Group will be conducted on terms which allow the Group to carry on its business independently, and all such transactions and relationships will be at arm's length and on a normal commercial basis.

The agreement shall bind Mr Young for as long as he and their associates hold over 10 per cent. of the issue share capital of the Company. The agreement cannot be terminated or amended except by a unanimous resolution of the independent directors (that is those Directors who do not have a significant business, financial or commercial relationship with Mr Young (other than through or by virtue of his position as a director of the Company)).

13.3.2 On 31 March 2025, the Company and Strand Hanson entered into a relationship agreement with Phillip Speed (who will on Admission hold 13.17 per cent. of the Enlarged Share Capital) whereby, conditional upon Admission, Mr Speed has agreed that all transactions and relationships between him and the Company and/or any member of the Group will be conducted on terms which allow the Group to carry on its business independently, and all such transactions and relationships will be at arm's length and on a normal commercial basis.

The agreement shall bind Mr Speed for as long as he and their associates hold over 10 per cent. of the issue share capital of the Company. The agreement cannot be terminated or amended except by a unanimous resolution of the independent directors (that is those Directors who do not have a significant business, financial or commercial relationship with Mr Speed (other than through or by virtue of his position as a director of the Company)).

13.4 **Nominated Adviser Agreement**

The Company and Strand Hanson have entered into a nominated adviser agreement dated 4 April 2025 (the "**Nominated Adviser Agreement**"), pursuant to which, and conditional upon Admission, the Company has appointed Strand Hanson to act as its nominated adviser for the purposes of the AIM Rules for Companies. The Company has agreed to pay Strand Hanson an annual advisory fee for its services as nominated adviser under such agreement, payable quarterly in advance from the date of Admission.

The Nominated Adviser Agreement contains certain undertakings from the Company and indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. Strand Hanson has the right to terminate the Nominated Adviser Agreement in certain circumstances, including, among other things, any breach by the Company or any Director of any of their respective obligations. The Nominated Adviser Agreement is subject to termination by either the Company or Strand Hanson on not less than three months' prior written notice such notice not to be given prior to the date which is 12 months following Admission.

13.5 **Corporate Broker Agreement**

The Company and Cavendish have entered into a corporate broker agreement dated 4 April 2025 (the “**Corporate Broker Agreement**”), pursuant to which, and conditional upon Admission, the Company has appointed Cavendish to act as its corporate broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay Cavendish an annual advisory fee for its services as corporate broker under such agreement, payable monthly in advance from the date of Admission.

The Corporate Broker Agreement contains certain undertakings from the Company and indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. Cavendish has the right to terminate the Corporate broker Agreement in certain circumstances, including, among other things, any breach by the Company or any Director of any of their respective obligations. The Corporate Broker Agreement is subject to termination by either the Company or Cavendish on not less than three months’ prior written notice such notice not to be given prior to the date which is 12 months following Admission.

13.6 **Shareholders’ Agreement**

The Company entered into a shareholders’ agreement with certain shareholders dated 10 March 2020 (the “**Shareholders’ Agreement**”). The Shareholders’ Agreement contains provisions typical of an agreement of its nature including provisions governing the decision-making functions of the Company as between its shareholders. The Shareholders’ Agreement terminates with effect from Admission, such termination being without prejudice to any accrued rights, remedies, obligations or liabilities, including the right to claim damages in respect of any breach of the Shareholders’ Agreement which existed at or before the date of termination.

13.7 **Registrar Agreement**

On 13 February 2025, the Company entered into a registrar agreement with the Registrar, pursuant to which the Registrar has agreed to act as the registrar of the Company with effect from Admission for an initial period of 12 months and thereafter terminable by either party on 6 months’ written notice.

13.8 **Customer #1 Contract**

QBL entered into the Customer #1 Contract with an effective date of 18 October 2024, whereby Quantum Base Limited grants Customer #1 the right to market Quantum Base’s non-cloneable marking solution and software to Customer #1’s customers as part of a combined solution with QBL and Customer #1 entering into individual call-off agreements setting out the specific requirements for each customer.

Term

The Customer #1 Contract is for an initial fixed term of 36 months with an automatic, open-ended extension, unless either party terminates the Customer #1 Contract by giving 6 months prior written notice on or after expiry of the initial 36 months.

Neither termination of the Customer #1 Contract nor termination of a call-off agreement will have an impact on any underlying customer agreements entered into by Customer #1 and the licence granted by QBL to Customer #1 under the Customer #1 Contract for the use of Quantum Base’s non-cloneable marking solution and software.

Pricing and Payment

Although the Customer #1 Contract contains a mechanism to amend and review the agreed pricing set out in Schedule 7 of the Customer #1 Contract, QBL will not be able to refuse to enter into a call-off agreement if such pricing is honoured by Customer #1 in the relevant call-off agreement.

The licence fees will be invoiced monthly in arrears and are payable within 60 days after receipt of the relevant invoice from QBL. In the event Customer #1 fails to provide the monthly usage figures required for the calculation of the licence fees, QBL may issue its invoice on the basis of the projections for the relevant customer. Once actual usage figures are available, QBL shall make any necessary adjustments in future invoices to reflect the actual licence fees payable.

Termination

The Customer #1 Contract contains termination rights for material breach, insolvency and breach of warranty and representation. They apply to the Customer #1 Contract as well as individual call-off agreements. In addition, either party may terminate a call-off agreement in whole or part without liability if a force majeure event causes the solution integration activities under it to be postponed or significantly disrupted for a period of three (3) consecutive months or longer or if the solution integration activities cannot be performed as contemplated under such call-off agreement.

Warranties and Indemnities

QBL gives warranties in respect of the Customer #1 Contract and Quantum Base's non-cloneable marking solution and software, including that its execution and performance of the Customer #1 Contract will not violate any applicable laws and that the licence to use Quantum Base's non-cloneable marking solution and software will not infringe the intellectual property rights of any third party to QBL's knowledge. Customer #1 provides more limited warranties.

The Customer #1 Contract contains a mutual indemnity whereby each party indemnifies the other party and its affiliates, against all third party claims relating to or resulting from its negligence in respect of the agreement.

Limitation of Liability

Unless agreed otherwise under a call-off agreement, either party's total aggregate liability in connection with the performance of the Customer #1 Contract and any call-off agreement shall (except in case of gross negligence, fraud and/or wilful misconduct) be capped at the aggregate value of all call-off agreements during the 12 months prior to the calendar month in which the relevant claim(s) arise.

Status and Governing Law

The Customer #1 Contract is subject to English law with the exclusive jurisdiction of the English courts. Prior to court proceedings (except for injunctive relief), the parties are required to follow an internal escalation procedure.

13.9 **Customer #1 Call-Off Agreement**

The Call-off Agreement was entered into by QBL and Customer #1 simultaneously with the Customer #1 Contract.

It contains the grant of an exclusive license to Customer #1 to market, sell, implement, reproduce, support and use Quantum Base's non-cloneable marking solution and software and sub-license the operation and use in relation to the end Customer. In addition, it sets out that Quantum Base's non-cloneable marking solution and software is expected to work in territories that produce or receive marked end customer excise goods.

Term

The term of the Call-off Agreement is from 18 October 2024 until 31 May 2029.

Income

In terms of expected license fee income under the Call-off Agreement, there is a per Q-ID license fee with no minimum guaranteed license fee income. The agreed payment terms are the same as under the Customer #1 Contract – 60 days from receipt of the invoice.

Service Failure

The Call-off Agreement contains service failure fees that the customer may claim under its customer agreement with Customer #1 and which Customer #1 has the right to pass on to QBL, but which are capped at 300 per cent. of total call-off order value.

New IP

The Special Terms which apply to the Call-off Agreement, and which have been transposed from the Customer #1 Contract stipulate that Customer #1 will own all goods, services, outputs and documents whether invented, developed, established or obtained individually or jointly with another person, except for "Existing Services" (being services created prior to engagement by QBL).

Uncapped Liability

QBL have unlimited liability in respect of breaches of the confidentiality clause, IPR clause, and conflict of interest clause set out in the Special Terms (Appendix D).

13.10 **Subscription Agreement**

The details of the Subscription Agreement are set out in paragraph 15.3 of this Part V.

14. Details of the RetailBook Offer

14.1 **Summary of the RetailBook Offer**

Applications are expected to be sought by the Intermediaries from their selected retail investor clients under the RetailBook Offer for Ordinary Shares on the basis that the exact number of Ordinary Shares which are the subject of such applications will vary depending on the size of the final RetailBook Offer. An application will then be made by the Intermediaries on behalf of their clients, through the RetailBook Offer Co-ordinator, and this demand will be taken into account by the Company alongside indications of interest from institutional investors in conducting the book-building in respect of the Placing.

The aggregate allocation of Ordinary Shares between the institutional investors and retail investor clients of the Intermediaries taking part in the RetailBook Offer will be determined by the Company in consultation with the Sole Bookrunner. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the Ordinary Shares. Allocations under the Placing will be finally determined by the Company in consultation with the Sole Bookrunner in accordance with an allocation policy to be determined by the Company in consultation with the Sole Bookrunner.

14.2 **The RetailBook Offer**

Members of the general public will not be able to apply for Ordinary Shares in the Placing directly. They may, however, be eligible to apply for Ordinary Shares through the Intermediaries, by following the relevant application procedures which closed on 3 April 2025. The Intermediaries may not permit the underlying applicants to make more than one application under the RetailBook Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan).

The RetailBook Offer was made by the Intermediaries to retail investors in the United Kingdom only. No Ordinary Shares allocated under the RetailBook Offer will be registered in the name of any person whose registered address is outside the United Kingdom except in certain limited circumstances with the consent of the Sole Bookrunner and the Company. For the avoidance of doubt, applicants in the United States were not able to participate in the RetailBook Offer.

Applications under the RetailBook Offer were made by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of Ordinary Shares or the Placing Price. The minimum monetary amount per applicant was £250. Prior consent from the Company was required on any orders received by the RetailBook Offer Co-ordinator in excess of £200,000. An application for Ordinary Shares in the RetailBook Offer means that the applicant agreed to acquire the Ordinary Shares at the Placing Price.

Each applicant must have complied with the appropriate money laundering checks required by the relevant Intermediary. Where an application was not accepted or there were insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary is obliged to refund the applicant as required and all such refunds shall be made in accordance with the terms provided by the Intermediary to the applicant. The Company and the Sole Bookrunner accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will be required on appointment to agree, to adhere to and be bound by the Intermediaries' terms and conditions, which regulate, *inter alia*, the conduct of the RetailBook Offer on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission from the RetailBook Offer Co-ordinator.

Pursuant to the Intermediaries' terms and conditions, in making an application, each Intermediary is required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States. Under the RetailBook Offer, Ordinary Shares will only be offered to persons outside the United States in reliance on Regulation S.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom subject to the terms of the Intermediaries' terms and conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and shall not be reviewed or approved by the RetailBook Offer Co-ordinator or the Company. **Any liability relating to such documents shall be for the Intermediaries only. Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Intermediaries are required to provide the Intermediary's terms and conditions to any prospective investor who has expressed an interest in participating in the RetailBook Offer.**

Each Intermediary will be informed by the RetailBook Offer Co-ordinator by email of the aggregate number of Ordinary Shares allocated to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. The aggregate allocation of Ordinary Shares as between the institutional investors and retail investor clients of the Intermediaries taking part in the RetailBook Offer will be determined by the Company in consultation with Sole Bookrunner. The allocation policy for the RetailBook Offer will be determined by the Company in consultation with the Sole Bookrunner. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the Ordinary Shares.

The publication of this document and/or any supplementary pathfinder and any other actions of the Company, the Sole Bookrunner, the Intermediaries or other persons in connection with the Placing should not be taken as any representation or assurance by any such person as to the basis on which the number of Ordinary Shares to be offered under the RetailBook Offer or allocations within the RetailBook Offer will be determined, and all liabilities for any such action or statement are hereby disclaimed by the RetailBook Offer Co-ordinator and the Company.

Pursuant to the Intermediaries' terms and conditions, the Intermediaries have undertaken to make payment on their own behalf (not on behalf of any other person) of the consideration for the Ordinary Shares allocated, at the Placing Price, to the RetailBook Offer Co-ordinator in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the Ordinary Shares at the time and/or date set out on page 18: "Expected Timetable of Principal Events" or at some other time and/or date after the day of publication of the Placing Price as may be agreed by the Company and the RetailBook Offer Co-ordinator and notified to the Intermediaries.

15. Related Party Transactions

The following transactions are the only related party transactions which, as a single transaction or in their entirety, are or may be material (within the meaning of the AIM Rules for Companies) to the Company and have been entered into by the Company during the periods for which historical financial information appears in this document:

- 15.1 the transactions referred to in note 19 "*Subsequent events*" and note 22 "*Related party transactions*" to the Historical Financial Information included in Section B "*Historical Financial Information of the Group*" of Part III "*Financial Information*" of this document;
- 15.2 the transactions referred to in note 7 "*Related party transactions*" and note 8 "*Events after the reporting date*" to the Interim Financial Information included in Section C "*Interim Financial Information of the Group*" of Part III "*Financial Information*" of this document;
- 15.3 on 13 November 2024, some patent families in the electrical area of technology were assigned by QBL to Qchip pursuant to a deed of assignment of patents. The patents were non-core to QBL's business plan. The consideration for the assignment was £260,000, an amount equal to the approximate cost of registering the patents assigned, which is due to be paid to the Company in November 2025. Qchip is a related company to the Group insofar as its shareholders mirror those of the Company as they stood immediately prior to Admission. On the same date QBL granted Qchip

a licence in relation to the patent families and trade marks in the area of random number generation. The licence is a non-exclusive, non-transferable, royalty-based licence to use the relevant patents and trade marks for the 10 year licence term. Qchip shall pay QBL a 50 per cent. royalty fee on the net sales price of any products incorporating the licensed patents and trade marks; and

- 15.4 on 31 March 2025 the Subscription Agreement was entered into between the Company and Thomas Taylor pursuant to which he agreed to subscribe for the Subscription Shares at the Placing Price in satisfaction of the Taylor Loan.

16. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries.

17. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of admission to AIM.

18. Significant Change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 31 October 2024, being the latest date to which the unaudited Interim Financial Information in Part III "Interim Financial Information of the Group" of Part III "*Financial Information*" of this document has been prepared, save for:

- on 13 November 2024, QBL disposed of a portfolio of non-core intellectual property relating to patents in a field which QBL was no longer working in and had no plans to commercialise, resulting in a profit on disposal of £155k. Details of the disposal are set out below:

	£'000	£'000
Disposal proceeds		260
Patents at cost	214	
Amortisation charged	(109)	
	<hr/>	
Net book value		<hr/> 105
Profit on disposal		155

The disposal was made to Qchip, a related party as set out in paragraph 15 "*Related Party Transactions*" of Part V "*Additional Information*" of this document.

19. General

- 19.1 The gross proceeds of the Placing are expected to be £3.8 million, with the total net proceeds of the Placing and RetailBook Offer receivable by the Company after settling fees expected to be up to approximately £3.5 million. The total costs and expenses relating to Admission and the Placing and RetailBook Offer (including those fees and commissions referred to in paragraph 13.1 above) payable by the Company are estimated to be £1.4 million (excluding VAT), assuming full take-up of the RetailBook Offer.
- 19.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.
- 19.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 30 April 2025, application moneys will be returned to the Placees at their risk without interest.

- 19.4 The Placing Price represents a premium of 23.0 pence over the nominal value of £0.001 per Ordinary Share.
- 19.5 Strand Hanson, the nominated adviser to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Strand Hanson has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 19.6 Cavendish, the corporate broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Cavendish has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 19.7 Crowe LLP, the reporting accountant and auditor to the Company, is a firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. Crowe LLP has given and not withdrawn its written consent to the inclusion in this document of its report in relation to the Financial Information included in Section A of Part III of this document and accepts responsibility for the same pursuant to Schedule Two of the AIM Rules for Companies.
- 19.8 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.9 It is expected that definitive share certificates will be despatched by hand or first class post within 10 business days of Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as reasonably practical on 4 April 2025.
- 19.10 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.
- 19.11 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 19.12 The ISIN for the Ordinary Shares is GB00BTXYPJ53.
- 19.13 Pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules a person must notify the Company of the percentage of its voting rights they hold as shareholder or through their direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.
- 19.14 The accounting reference date of the Company is 30 April.

- 19.15 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.
- 19.16 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Company's utilisation of its fixed tangible assets.
- 19.17 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been:
- (a) any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or
 - (b) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.

20. UK Taxation

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

20.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10 per cent. or more, of the shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

20.2 Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals after 6 April 2024 will have a £500 annum dividend tax allowance.

Dividend receipts received after 6 April 2024 in excess of £500 will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

20.3 **Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

For disposals before 30 October 2024 the rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. rising to 20 per cent. for higher rate and additional rate taxpayers. In the Budget on 30 October 2024 it was announced that the rates of capital gains tax on the disposal of Ordinary Shares by basic rate taxpayers will rise to 18 per cent. and 24 per cent. for higher rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 25 per cent. for profits in excess of £250,000, with profits below £50,000 to be taxed at 19 per cent., and a marginal rate on profits between these values. The profit limits are reduced under certain circumstances, with close investment-holding companies not being entitled to the lower rate.

Further information for Shareholders subject to UK income tax and capital gains tax

20.4 **Transactions in securities**

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “*listed*” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- AIM continues to be accepted as a “*recognised growth market*” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.

HMRC has accepted that it will no longer seek to impose the 1.5 per cent. charge in respect new issues of shares so long as they are an integral part of a capital raising, on the basis that the charges were not compatible with EU law. On 14 September 2023 HMRC introduced draft legislation confirming that it will not reintroduce the 1.5 per cent. charge on the issue of shares into clearance following the UK’s exit from the EU and the withdrawal of the appropriate EU legislation from 31 December 2023. This measure was enacted in Finance Act 2024 with the legislation effective from 1 January 2024.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

21. Availability of this document

Copies of this document are available for download at the Company's website at <https://quantumbase.com/>.

1 April 2025

