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5th October 2022

Quantum Exponential Group plc
(the 'Company' or 'Quantum Exponential')

Final Results

Quantum Exponential Group plc (AQUIS: QBIT), a company focused on investing in quantum technology, is pleased to announce its audited final results for the year ended 30 April 2022.

Highlights

- Successful listing on AQUIS Exchange raising £5.2 million
- Strengthened the Board and management team with the appointment of Steven Metcalfe as Chief Executive Officer and Stuart Nicol as Chief Investment Officer
- Quantum Exponential has a nominal cost option to acquire 199,993 shares in Arqit Quantum Inc, ("Arqit") a global leader in quantum encryption technology
- Makes first investment – Siloton Limited, ("Siloton"), a company using photonic integrated circuits aiming to end preventable blindness
- Investment in Aegiq Ltd, ("Aegiq"), a hardware photonics company using quantum technologies to address the global cybersecurity threat posed by the rise of quantum computing

Post-period Highlights

- Investment in Universal Quantum, a company focused on building the world's first million qubit quantum computer
- Investment into QLM Technology Ltd ("QLM"), alongside lead investor and global oilfield services giant Schlumberger. QLM is a UK company focused on revolutionising gas sensing in the oil and gas industry and other industries using quantum solutions to monitor greenhouse gas emissions
- Joins the UK Business Angels Association
- Becomes a member of ICFO, a Spanish research institute devoted to the science and technology of photonics

Commenting on the results Steven Metcalfe, Chief Executive Officer, said:

"I am very pleased with the progress we've made during and post period. The successful listing at the end of 2021 set the foundations for growth, and with increasing governmental support globally for investing in quantum, we have found ourselves at an opportune moment to capitalise on the exciting stage of the evolution of this technology. Quantum Exponential is

the only UK-listed company providing investors with the opportunity to invest in early-stage quantum businesses at the same time as governments worldwide are increasing their contributions to the research and education of this revolutionary technology.

“Despite the macro-economic backdrop, investment activity in the early-stage quantum domain remained very strong. Investors have realised that quantum computers are the future and will in time supersede classical computers, which are slower and unable to solve more complex problems.

“Our strategy remains unchanged, to build an exciting portfolio of investee companies that we expect will increase shareholder value. We were delighted to have made our first two investments during the period and to add two additional investee companies to our portfolio post-period. Encouragingly we have experienced a significant increase in the quality and number of potential investee companies coming forward. We are optimistic in our ability to add to our investee portfolio over the coming year and look forward to updating shareholders on our progress as we go.”

For more information, visit the Company's website: www.quantumexp.co.uk or contact:

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Chairman’s Statement

When I was approached about becoming Chairman of Quantum Exponential Group plc, I jumped at the chance. Going back fifteen years, and during my time as UK Minister for Science, I saw the potential of quantum technologies – along with AI and advancements in synthetic biology – to transform the lives of future generations.

In much the same way that the internet and mobile communication devices have changed how we all live and work today, I believe quantum technologies are going to do the same in many more ways in the future. And that time is coming around now.

This is my first report to shareholders since the company listed on the AQUIS exchange in November 2021 and I can report that we have made good progress.

The ethos behind Quantum Exponential is to provide investors, who would otherwise not be able to do so, with exposure to early-stage investment in quantum-technology businesses. The sort of businesses that can both grow and scale to be hugely successful, and which are focused on tackling global problems such as combating climate change, global cyber security and improvements in healthcare and medical procedures. Our first investee company Siloton, which is using quantum techniques to reduce the effect of macular degeneration, one of the world's biggest causes of sight loss, is a perfect example.

We have a world-class Advisory Board contributing a wide range of insights that are helping to guide our strategy. Its members also provide expert views, where appropriate, on individual investment proposals. I would like to thank them for their contributions over the last twelve months.

Our Chief Executive Officer, Steven Metcalfe, and Chief Investment Officer, Stuart Nicol, have laid the foundations for the Company's future growth, and Martin Schwedler who stepped into the role of senior advisor to Europe shortly after listing is building our network there.

The company's focus will be firmly on investments in NATO and NATO friendly countries. Governments in the US, Europe and the UK all have strategies, plans and programmes to develop and support quantum technology research and companies developing and utilising quantum technologies. Quantum Exponential will continue to look to identify and support the best emerging companies which are taking advantage of government support.

During the year, in addition to investing in Siloton and Aegiq, the Company maintained its option in Arqit Quantum Inc, a global leader in quantum encryption technology which has entered into an agreement with the United States Airforce, regarding evaluating its QuantumCloud™ technology.

Post-period, the Company has built on the foundations laid and invested in a further two companies: Universal Quantum Ltd, which is looking to build the world's first million Qubit computer; and QLM Technology Ltd, a UK-based company using quantum technology to detect methane leaks in industry. This has further diversified our portfolio of assets.

Additionally, the Company has collaborated with and joined a number of influential organisations. Namely, the Institute of Physics, the UK Business Angels Association, and more recently the Institute of Photonic Sciences ("ICFO") Corporate Liaison Programme. These are pivotal to the sharing of knowledge and increasing our exposure to potential investee companies.

Investment Appetite

As quantum technologies evolve and the range of applications broadens so does the realisation by governments and corporates around the world of the potential of this emerging technology.

According to the Boston Consulting Group, quantum computing alone could generate anything between US\$450 billion to US\$850 billion in value over the next 15 to 30 years. Quantum computing attracted almost twice as much investment capital in 2020 and 2021 (US\$2.15 billion) as it did in the previous decade (US\$1.16 billion) and while hardware continues to attract the most money, investment in software jumped nearly 80% in 2020 and 2021 compared with the previous decade. It has been reported that the US Quantum Information System budget is set to grow to US\$877 million in 2022, double 2019 spend.

Outlook

Looking ahead, we remain confident about the impact that quantum technology will have globally, with various industry reports showing that most businesses will now have to start planning for the new quantum world. Notwithstanding the difficult overall macroeconomic climate, the environment for quantum technologies at least feels very favourable. We have seen a significant increase in the flow of good companies, with quantum technology at the forefront of their business, who are looking for investment to accelerate growth.

We will look to increase our network with further collaborations as we move forward to expand our portfolio, mainly in the UK but also in other NATO-friendly countries.

I would like to take this opportunity to thank shareholders for their continued support and look forward to updating shareholders on our progress in due course.

Report from Chief Investment Officer

It has been a busy initial period of investment assessment and investment.

The investment team has grown since inception and currently consists of the CIO, investment manager, quantum physicist and investment analyst. The team is further supported by an active advisory board, access to sector-specific data sources and partnerships with organisations fostering innovation in quantum technology.

The Company has added value to its investees via strategic advice and introductions to potential customers, investors, and suppliers. Looking ahead, we remain bullish about quantum technology and encouraged by the quality of investee companies we are being introduced to. This cements our belief that now is the time to be investing in quantum technology led business.

Investment Review

We monitor our portfolio regularly and we believe that all our investees are developing their businesses broadly in line with the plans they provided us at the time of investment.

Arqit Quantum Inc.

Prior to listing, the Company secured an option to acquire 199,993 ordinary shares in Arqit Quantum Inc. Arqit is a UK-based Company listed on NASDAQ with a market capitalisation of USD 686.443M as at close on business on 3 October 2022.

A global leader in quantum encryption technology, Arqit has successfully demonstrated a quantum safe communication channel to secure data transmissions for both UK sensors and IoT as well as a US manufacturer of military drones. <https://arqit.uk/>

Siloton Limited

On 1 March 2022, the Company led a c£470,000 initial financing round, investing c£300,000 into Siloton Limited. The Company holds 2,752 ordinary shares in Siloton representing 12.79% of Siloton's enlarged issued share capital.

Siloton is a technology company that uses quantum techniques and photonic integrated circuits ('PICs') for use in sub-surface optical scanning devices with applications across healthcare, and non-destructive testing.

Siloton will initially focus on advancing the development of a technology called Optical Coherence Tomography ('OCT') for the assessment of age-related macular degeneration ('AMD'), a condition that if untreated can lead to blindness and is estimated to affect approximately 288 million patients worldwide by 2042. Since our investment Siloton has been awarded an Innovate-UK-funded grant. This project sees Siloton working alongside the Macular Society to understand whether the UK is suitable for a home-based monitoring service for patients with wet AMD, allowing them to receive specialist eye scans in the comfort of their own home. (<https://www.siloton.com/news>)

Aegiq Limited

On 30 April 2022, the Company invested £406,050 in two parts in Aegiq Limited, a hardware photonics company using quantum technologies to address the global cybersecurity threat posed by the rise of quantum computing.

Following the investment, Quantum Exponential will have a c4.06% stake in Aegiq's issued share capital on a fully diluted basis. Aegiq raised close to £4m in its investment funding rounds. This is supplemented by a number of grants which have recently been bolstered by further funding from Innovate-UK.

On 15 Sep 2022, Aegiq announced that it had received a grant from Innovate UK to develop a field-deployable quantum light source

The system intends to underpin scalable applications in quantum computing and quantum communications and is part of a £500,000 project in collaboration with Fraunhofer CAP. <https://www.aegiq.com/>

Universal Quantum Limited ("Universal Quantum")

On 16 May 2022, the Company invested £450,000 through an Advanced Subscription Agreement ("ASA") in Universal Quantum Limited ("Universal Quantum"), a company focused on building the world's first million quantum bit ("qubit") quantum computers. The funds will be used to continue Universal Quantum's focus on its integrated Quantum Processing Unit. The funds invested under the ASA will convert into ordinary shares in Universal Quantum on the earlier of a further financing round of at least £10m, a sale, a liquidation event, or the first anniversary of the ASA.

The team at Universal Quantum has over 15 years of quantum computing experience and is backed by a number of institutional investors such as Hoxton Ventures, Village Global, FoundersX, Luminous Ventures, and 7Percent. Its activity is further supported by several grants. <https://universalquantum.com/>

QLM Technology Ltd

On 4 Aug 2022, the Company invested £450,000 as part of a £12,000,000 Series A funding round in QLM Technology Ltd ('QLM'), a UK-based photonics hardware and technology development company that has developed a cutting-edge gas imaging camera based on quantum technology termed a Quantum Gas Imaging Lidar.

Beyond emissions monitoring for the oil and gas market, the QLM solution is well-suited for use in tracking and reducing methane emissions in other applications such as in biogas production, landfills, wastewater treatment plants, and coal mines.

Following the Investment, Quantum Exponential holds 1,203,208 B Ordinary Shares at a price of £0.374 in QLM representing 1.6% of QLM's fully diluted share capital.

The funding round was led by Schlumberger and included new investment from existing investors Green Angel Syndicate, Enterprise 100 Syndicate, the Development Bank of Wales, Newable, BritBots, and BPEC. <https://qlmtec.com/>

Financial Review

Quantum Exponential Group plc Consolidated Statement of Comprehensive Income For the period ended 30 April 2022

	Period 9 April 2021 to 30 April 2022 £
Revenue	<u>9,497</u>
Gross profit	9,497
Operating expenses	<u>(753,386)</u>
Operating loss	(743,889)
Finance income	5
Gain on fair value adjustments on investments	<u>1,087,817</u>
Profit before tax	343,933
Taxation on operations	<u>(121,812)</u>
Profit for the period	<u>222,121</u>

Earnings per share

Earnings per share from profit attributable to the ordinary equity holders of the company

Total	Basic EPS	0.001p
Total	Diluted EPS	0.001p

Dividend

The Group does not declare a dividend for the period.

Quantum Exponential Group plc
Consolidated Statement of Financial Position
As at 30 April 2022

	30 April 2022
	£
Assets	
Non-current assets	
Investments	1,993,512
Total non-current assets	<u>1,993,512</u>
Current assets	
Cash and cash equivalents	3,694,790
Other receivables	71,900
Total current assets	<u>3,766,690</u>
Total assets	5,760,202
Current liabilities	
Trade payables and other payables	(80,130)
Provision for liabilities	(121,813)
Total current liabilities	<u>(201,943)</u>
Total liabilities	(201,943)
Net assets	<u>5,558,259</u>
Equity	
Share capital	3,283,750
Capital contributions	199,732
Share premium	2,114,610
Merger reserve	(261,810)
Other reserves	(144)
Retained profit	222,121
Total equity	<u>5,558,259</u>

Quantum Exponential Group plc
Consolidated Statement of cash flows
For the period 9 April to 30 April 2022

	Period 9 April 2021 to 30 April 2022 £
Profit before tax for the year	222,121
Adjustments for:	
Interest income	(5)
(Increase) in trade and other receivables	(71,900)
Increase in trade and other payables	201,943
Net fair value adjustment gain	(1,087,817)
Cash (outflow)/inflow from operating activities	<u>(735,658)</u>
Investing activities	
Purchase of investments	(705,963)
Net cash used in investing activities	<u>(705,963)</u>
Financing activities	
Proceeds from issue of ordinary share capital	5,136,550
Interest income	5
purchase of own shares via EBT	(144)
Net inflow of cash generated from financing activities	<u>5,136,411</u>
Net increase in cash and cash equivalents	3,694,790
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	<u>3,694,790</u>

Quantum Exponential Group plc
Consolidated Statement of changes in equity
For the period 9 April to 30 April 2022

	Share capital £	Share premium £	Merger reserve £	Capital contribution £	Other reserves £	Retained profits/ (losses) £	Total equity £
Balance on incorporation (9 April 2021)	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	222,121	222,121
Issue of shares	3,283,750	2,114,610	-	-	-	-	5,398,360
Movement on reserve arising on acquisition of subsidiary	-	--	(261,810)	-	-	-	(261,810)
Gifted shares	-	-	-	-	-	-	199,732
Purchase of own shares	-	-	-	-	(144)	-	(144)
At 30 April 2022	3,283,750	2,114,610	(261,810)	199,732	(144)	222,121	5,558,259

The financial information set out in this announcement does not constitute statutory accounts. This financial information has been extracted from the audited full accounts of the Group for the year ended 30 April 2022.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

A copy of the Company's financial statements for the year ended 30 April 2022 will be posted to shareholders and will be delivered to the Registrar of Companies.

The full Annual Report of the Group will be available on the Company's website: www.quantumexp.co.uk

****ENDS****

Notes to Editors

About Quantum Exponential Group plc

Quantum Exponential is a first of its kind, AQSE Growth Market enterprise company, focused on opportunities in quantum technology and the wider quantum computing sector, with an advisory board made up of industry advisors, entrepreneurs, and technology investment professionals with broad access to quantum opportunities and markets. Quantum Exponential's investment strategy is to assemble a portfolio of minority investments in early-stage global quantum technology companies, in NATO friendly countries, offering institutional and private investors access to revolutionising technologies and industries.

Quantum Exponential trades on AQSE Growth Market under the ticker symbol "QBIT".