Quantum Exponential Group plc

Annual Report & Financial Statements

For the period ended

30 April 2022

A Company Registered in England & Wales No. 13324860

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Directors and Advisors

Directors	I Pearson (appointed 26 October 2021) S Metcalfe (appointed 9 April 2021) N McNair Scott (appointed 26 October 2021) D S Nicol (appointed 28 January 2022) M Schwedler (appointed 9 April 2021, resigned 29 January 2022)
Company registration number	13324860
Registered office	Fladgate LLP 16 Great Queen Street London United Kingdom WC2B 5DG
Broker	Oberon Investments Limited Nightingale House, 65 Curzon Street London United Kingdom W1J 8PE
Solicitors	Fladgate LLP 16 Great Queen Street London United Kingdom WC2B 5DG
Registrars	Avenir Registrar Limited 5 St John's Lane Farringdon London United Kingdom EC1M 4BH
Bankers	Arbuthnot Latham & Co. Arbuthnot House 7 Wilson Street London United Kingdom EC2M 2SN

Auditors	Shipleys LLP 10 Orange Street Haymarket London United Kingdom WC2H 7DQ
AQSE Corporate Adviser	Novum Securities Limited Floor 2, Lansdowne House 57 Berkeley Square London W1J 6ER

Quantum Exponential Group plc
Chairman's Statement
For the Period ended 30 April 2022

When I was approached about becoming chairman of Quantum Exponential Group plc ("Quantum Exponential"), I jumped at the chance. Because during my time as UK Minister for Science fifteen years ago, I saw the potential then for 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 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-driven businesses. The sort of businesses that can both grow and scale to be hugely successful, and which are focused on tackling global problems. From combating climate change to global cyber security and to improvements in healthcare and medical procedures. Such as our first investee company Siloton, which is using quantum techniques to reduce the effect of macular degeneration, one the advanced world's biggest causes of sight loss.

We have a world-class Advisory Board contributing a wide range of insights that is 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, (Donald) Stuart Nicol, have laid the foundations for Company's future growth, and Martin Schwedler who stepped into the role of senior advisor to Europe shortly after listing is building connections there.

The company's focus will be firmly on investments in NATO and NATO friendly countries. Governments in the US, Europe and 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 of the emerging companies who 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 ICFO's Corporate Liaison Programme. These are pivotal to the sharing of knowledge and increasing our exposure to potential investee companies.

Quantum Exponential Group plc
Chairman's Statement (continued)
For the Period ended 30 April 2022

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.

Ian Pearson
Non- Executive Chairman

6 October 2022

Quantum Exponential Group plc
Chief Executive Officer Report
for the Period ended 30 April 2022

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. With classical computers reaching their maturity to achieve further accomplishments, geo-political security and advancements in this cutting-edge technology support the main drivers underpinning growth in the quantum sector.

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 investment 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.

Investment Appetite

As quantum technologies evolve and the range of applications broadens so does the realisation by governments & 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 the 2019 spend.

Steven Metcalfe
Chief Executive Officer
6 October 2022

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.

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 of 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/

Post year end, the following investments were made

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

D. Stuart Nicol

Stuart Nicol
Chief Investment Officer

6 October 2022

Quantum Exponential Group plc
Strategic Report
for the Period ended 30 April 2022

The Directors present the Strategic Report for Quantum Exponential Group plc ("the Company" and its subsidiaries undertakings (together referred to as "the Group" for the period ending 30 April 2022.

Company overview

Quantum Exponential Group plc is a UK listed company Fund investing in early - stage Quantum Technology start-ups and scale-ups. It is in the privileged position of seeing the vast majority of early-stage quantum deals.

QE's management and advisory team have unique access to deal flow and deep market knowledge. Together with significant venture capital experience, this enables them to access, invest and support high- growth companies in this important sector.

Financial Review

The trading results and the financial assets at the end of the financial period are shown on the attached financial statements.

Quantum Exponential plc was incorporated on 9 April 2021 and on 15 September 2021 via a share for share transaction, purchased 100% of the share capital of Quantum Exponential limited.

On 1 November 2021, shares in Quantum Exponential plc were admitted for trading on the Aquis stock exchange, with ticker Qbit.

In January 2022, Quantum Exponential EBT Limited was incorporated and in February 2022 the Quantum Exponential Group PLC Employee Benefit Trust was set up, constituted as an employee's share scheme.

As detailed elsewhere in the financial statements the Company made investments in two companies during the period totalling £706,000 and recorded a pre-tax profit of £343,933 in the period.

Dividend

The Directors do not propose the payment of a dividend.

Key performance indicators

Financial key performance indicators
As an investment company, our key performance indicators (KPI's) are Net Asset Value per share, and available cash, which enables future investment opportunities.

Net Asset Value per share

Net Assets (Group) at 30 April 2022	£5,558,259
Ordinary shares in issue	328,750,000
Net Asset Value per share	£0.017

Available cash

At 30 April 2022	£3,694,790

Non-financial key performance indicators
As a result of the type of company and short trading history we do not monitor any non-financial key performance indicators.

We anticipate in the future monitoring such items as shareholder and supplier satisfaction and investment success.

Review of Principal Risks and uncertainties

The Company's strategy

The implementation of the Company's strategy will have a significant effect on the success of the Company. The Company's target markets may not grow or develop as it currently expects, and if it fails to penetrate new markets, its revenue and financial condition could be harmed. The Company's continued success will depend significantly on its ability to accurately anticipate changes in industry standards and to continue to appropriately fund development efforts to enhance its investments in a timely manner.

The Company's ability to implement its strategy within envisaged timeframes may be impacted as a result of the following:

- the Company may need to raise further capital to make particular investments and/or fund the
- assets or business invested in;
- the Company may be required to conduct extensive negotiations in order to secure and
- facilitate an investment;
- the necessitation of certain structures in order to facilitate an investment;
- market conditions, competition from other investors, or other factors may limit the Company in respective of identify suitable investments or such investments may not be available at the rate the Company currently envisages.

Mitigation: The Company has appointed a board of Directors with significant collective experience of growing and scaling businesses, and strategy development, implementation and review. In addition, the Advisory Board has substantial direct experience in the latest developments in quantum technologies which informs decisions on target markets.

Potential loss on investments

The Company's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment or acquisition will occur or that the objectives of the Company will be achieved. For example (i) trading difficulties may occur following investment by the Company; or (ii) the Company may not be able to conduct a full investigation of a target prior to investment and adverse matters may only come to light after an investment has been made.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including:

- potential disruption of the Company's on-going investments;
- distraction of management and key personnel;
- the Company may become more financially leveraged;
- the anticipated benefits and costs savings of those transactions may not be equalised fully or at
- all or may take longer to realise than expected;
- increasing the scope and complexity of the Company's investment strategy; and
- loss or reduction of control over certain of the Company's investments.

Mitigation: The Company has put in place a robust investment decision making process and conducts robust due diligence prior to investment decisions being taken. It has also established close post-investment monitoring processes. Through the Advisory Board there is the ability to provide insight to support the investment decision process and also to add value to investee companies post-completion of investment.

Material facts or circumstances not revealed in the due diligence process

Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Mitigation: Prior to making or proposing any investment, the Company will undertake legal, financial, and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Company on a case-by-case basis.. In undertaking due diligence, the Company utilises its own resources and will rely upon third parties to conduct certain aspects of the due diligence process. It also has the expertise of the Advisory Board and a wide variety of quantum, venture capital and business professionals available to support this process.

Competition

It is likely that the Investee Companies will face competition from industry specialist technology and software companies, generic software providers and outsourced/managed services companies, some of which may be significantly larger enterprises with greater financial and marketing resources. There may also be new entrants to the market which could become competitors. Such companies may also have greater financial and marketing resources than the Investee Companies. Competitors may seek to develop software which more successfully competes with the Investee Companies' software and services, and they may also adopt more aggressive pricing models or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Investee Companies.

Mitigation: The Company makes a thorough assessment of competition risk in its investment appraisal process, both against other competing quantum technologies and other non-quantum ones. Our focus is on companies whose technology is to be commercialised in the near future or may already have commenced trading. Through portfolio monitoring and horizon scanning for future competitive risks we seek to mitigate this risk to the extent possible.

Technology risk

There can be no guarantee that the Investee Companies will bring superior technologies, products, or services to the market which, as a result, make the Investee Companies offerings obsolete. The Investee Companies will accordingly need to continually enhance their products and services and will need to promptly respond to technological change as and when this occurs.

Mitigation: While there is an inherent level of risk in the quantum sphere generally, and different competing quantum technologies, QE has a team of experts with unparalleled market knowledge and access. Technology risk is also mitigated through assembling a portfolio of potential investments in leading Quantum technology companies.

Other risks have been identified which relate to investee companies.

Investments will typically be in private companies. They may have little or no operating history upon which the Company may assess their likely performance. They may be more vulnerable to changes in market conditions or the activities of competitors. Private companies may also be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals. This may have material adverse effects on the business, financial condition, results and/or future operations of the Company.

Investee Companies business will be dependent on various key systems, the internet, and other technologies. Shutdowns or service disruptions caused by events such as criminal activity, sabotage or espionage, computer viruses, hacking and other cyber-security attacks, fraudulent activity, router disruption, automated attacks such as denial of service attacks, power outages, natural disasters, accidents, terrorism, equipment failure or other events within or outside the Investee Companies control could adversely affect the Investee Companies and their customers.

Mitigation: All these types of risks are assessed pre-investment as part of the due-diligence work that is carried out, and post-investment they are regularly monitored as part of the Company's portfolio management and reporting processes.

Outlook and future developments

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.

With global government spends on quantum technologies expanding, it is clear that the sector is at the forefront of countries technology developments and the future for Quantum Exponential in the sector is exciting.

Section 172 statement

Under section 172(1) of the Companies Act 2006 ("Section 172"), the Directors must act in the way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the Company.

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the year ending 30 April 2022.

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates

The Directors, both collectively and individually, consider that they have acted in good faith to promote the success of the Company for the benefit of its Stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

To ensure that the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, risks and opportunities, supported by Key Performance Indicators

The Company's performance and progress is reviewed regularly at Board meetings.

Other than directors, the company has no employees.

The Directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the wider community, minimising the Company's impact on the environment wherever possible. The Directors' intentions are to behave responsibly towards all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the Company.

Carbon and Energy Reporting Requirements

The Group is not required to disclose information regarding its energy use due to its usage being below the threshold for disclosure.

Approved by the Board on 6 October 2022

Steven Metcalfe
Chief Executive Officer
Director

Quantum Exponential Group plc
Directors Report
for the Period ended 30 April 2022

The Directors present their report and the audited financial statements for the Company and Group for the period ending 30 April 2022.

Corporate Governance

The Board is committed to the highest standards of corporate governance and considers the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code") to be the most appropriate framework to adopt. The Directors have adopted the QCA Code. Where the Board adopts a different path from the QCA Principles to the extent they consider it appropriate, having regard to the size and resources of the Company, an explanation is provided.

In his capacity as independent Chairman, Ian Pearson has responsibility for ensuring that the Group has appropriate corporate governance standards in place and the 10 principles in the QCA Code are applied within the Group as a whole

The Board, will normally meet six times a year and it ensures that procedures, resources and controls are in place to ensure that AQSE Growth Market Access Rulebook compliance by the Company is operating effectively at all times and that the executive directors are communicating effectively with the Company's AQSE Corporate Adviser regarding the Company's ongoing compliance with the AQSE Growth Market Access Rulebook and in relation to all announcements and notifications and potential transactions.

Due to the size and nature of the Company, the Board do not believe a nominations committee is necessary. However, the Directors will continue to assess the need for establishing a nominations committee or other committees as the Company develops, taking into account the principles of good governance.

The Company has adopted a share dealing code for dealings in securities of the Company by the Directors, which is appropriate for a company whose shares are traded on the Access segment of the AQSE Grow th Market. This will constitute the Company's share dealing policy for the purpose of compliance with UK Legislation including UK MAR and Rule 4.1 of the AQSE Growth Market Access Rulebook. It should be noted that the insider dealing legislation set out in the Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

The Company has implemented an anti-bribery and corruption policy and also implemented appropriate procedures to ensure that the Board, employees, and consultants comply with the UK Bribery Act 2010.

The Directors have established financial controls and reporting procedures, which are considered appropriate given the size of and structure of the Company. These controls will be reviewed in the light of an investment or acquisition and adjusted accordingly.

Principal activities

Quantum Exponential's mission is to foster and participate in the next leading asset class, quantum technology companies, in order to deliver outsize returns to investors.

Quantum Exponential identifies investment opportunities in the quantum technology sector focussing on NATO friendly countries. These include, but are not limited to, quantum communications, quantum sensing, quantum metrology and quantum computing, including software and components.

Engaging and Communicating with Shareholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders.

Executives of the company are available for meetings with institutional shareholders and analysts. The company keeps individual shareholders informed of developments through Aquis and through the Company's own website. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and the quality of its relationships with stakeholders. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

This includes an Advisory Board that meets regularly and includes world renowned scientists in the quantum world and a strong team of industry advisors, entrepreneurs and tech investment professionals with excellent access to opportunities, networks and markets.

Stakeholder Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and the quality of its relationships with stakeholders. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

This includes an Advisory Board that meets regularly and includes world renowned scientists in the quantum world and a strong team of industry advisors, entrepreneurs and tech investment professionals with excellent access to opportunities, networks and markets.

We have also established cooperations with the Institute of Physics, regional Universities & Quantum Hubs and the Company is continuing to build its network of relationships.

Managing and mitigating risk

Effective risk management is critical to the success of the company. The Board has carried out a robust assessment of the principal risks to achieving its strategic objectives. Initial risks were assessed at Admission to the Aquis exchange and risks are reviewed on a regular basis by the Board to identify any changes in risk profiles and to consider the optimal range of mitigation strategies.

The principal risks to the achievement of our strategic business objectives have been outlined above, together with their potential impact and the mitigation measures in place. The Board believe these risks to be currently the most significant with the potential to impact our strategy, financial and operational performance.

Results and dividends

The trading results for the period and the financial position at the end of the financial period are shown in the attached financial statements. The statements have been prepared under International Financial Reporting standards ("IFRS")

Board of Directors

The following Directors held office during the period:

I Pearson	(appointed 26 October 2021)
N McNair Scott	(appointed 26 October 2021)
S Metcalfe	(appointed 9 April 2021)
D S Nicol	(appointed 28 January 2022)
M Schwedler	(appointed 9 April 2021) (resigned 29 January 2022)

Directors' Biographies

Ian Pearson, Non-Executive Chairman

Ian Pearson brings extensive business and public sector insight to the Board. During a distinguished ministerial career from 2001-2010 he held a number of positions including Minister for Trade & Foreign Affairs, Minister of State for Climate Change and the Environment, Minister for Science, and Economic Secretary to the Treasury. Ian spent five years as the chairman of AIM listed OVCT2, a company which invested in a variety of renewable energy companies. He is currently a non-executive director at Thames Water, chairman of AIM listed Eqtec plc, and has previously been a member of the UK Advisory Board of PwC.

Steven Metcalfe, Chief Executive Officer

Steven Metcalfe has more than 28 years of experience in investment banking. In 2005, as Head of UK Equities at Hichens Harrison he was involved in the management buyout from Sanlam for £2m and the subsequent sale to Religare Capital Markets 3 years later for £55m. After that, he moved to Novum Securities looking after institutions, hedge funds and HNW clients. In 2016, he set up a management consultancy business advising on fund raisings, investor relations and improving performance within organisations. He has since sat on public company boards and worked on public company flotations and reverse takeovers. Steven is an associate of the Chartered Institute for Securities and Investments (ACSI).

Nigel McNair Scott, Non-Executive Director

Nigel McNair Scott has wide corporate experience having served as non-executive director, finance director and finally chairman of Helical Bar over a period of 30 years. He was chairman of Avocet Mining for 20 years before retiring to serve as High Sheriff of Hampshire. He also served as a non-executive director of Johnson Matthey and Govett Strategic Investment Trust. Early in his career he had considerable experience within the Chartered Consolidated and Anglo-American Corporation Group. He has been chairman of Reaction Engines since 2010. Nigel graduated from Oxford University and is a Fellow of the ICAEW.

Stuart Nicol, Chief Investment Officer

Stuart Nicol joined the Board in January 2022. He worked with the Company as a consultant prior to this date. Stuart has over 20 years' experience of investing venture capital in over 60 high growth firms. He has invested across all sectors and stages with a bias to technology investments in software, communications, healthcare and sustainability. In the past decade he has been, Head of Funds for Cornwall and Isles of Scilly Investment Fund and the first external director of Crowdcube Ltd. Prior to this as an Investment Director of Octopus Investments Stuart both led a team that invested over £110m through listed Venture Capital Trusts and initiated the Octopus renewable energy strategy. Stuart is an active mentor to entrepreneurs on behalf of the Royal Academy of Engineering & military charity heropreneurs. Stuart is a graduate of RMA Sandhurst, Loughborough University and London Business School.

Martin Schwedler, Chief Executive Officer – Resigned January 2022

Martin Schwedler has more than 25 years' experience in private equity, M&A and corporate finance. He has completed more than 50 transactions worldwide in various industry sectors, but with a focus on technology and telecom opportunities. Martin served as a director of the GE Capital Structured Finance Group with responsibility for private equity investments in technology and telecom in the German speaking countries. He served as an executive board member of Raiffeisen's investment banking unit in Vienna and as a CEO of Raiffeisen Investment in Moscow. Martin acted as a Senior Advisor to Lazard Freres with responsibility for originating and executing M&A transactions in Austria and Central and Eastern Europe. He is an advisor to Helios Investment Partners the largest private equity fund focusing on Africa. Martin holds a Master of Law degree from the University of Innsbruck.

Directors' interest in shares

Directors' interests in the share capital of the Company, including family at 30 April 2022 were as follows:

Director	Number of ordinary shares held	% held
I Pearson	**17,500,000**	5.33%
N McNair Scott	**10,250,000**	3.12%
S Metcalfe	**19,500,000**	5.94%
D S Nicol	**6,000,000**	1.83%
M Schwedler (resigned 28 January 2022)	**17,600,000**	5.36%

Directors' interests in warrants issued of the Company, including family at 30 April 2022 were as follows:

None of the directors had an interest in the warrants of the Company.

Directors' Remuneration

The remuneration of the Directors during the period is summarized below:

	Fees and salaries £	Pension £	Total 2022 £
Non-Executive			
I Pearson	33,333		33,333
N McNair Scott	16,667		16,667
Executive			
S Metcalf	85,000	2,500	87,500
D S Nicol	27,500	2,250	29,750
M Schwedler	78,000		78,000
Total	240,500	4,750	245,250

Significant shareholdings

At 30 April 2022 the Company had the following significant voting interest of greater than 5% in its ordinary share capital:

Shareholder	Number	%
D Williams	64,750,000	19.72%
Pershing Nominees Limited	39,475,000	12.02%
JIM Nominees Limited	24,610,500	7.49%
S Metcalfe	19,500,000	5.94%
M Schwedler	17,600,000	5.36%
I Pearson	17,500,000	5.33%

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

Financial risk management

The Group's exposure to financial risk is set out in note 18 to the financial statements. The Group maintains a strong focus on working capital management.

Policy on payments to Suppliers

It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers by means of standard written terms to individually negotiated contracts. The Group seeks to ensure that payments are always made in accordance with these terms and conditions.

Political and Charitable Contributions

No political or significant charitable donations were made during the period.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware; and
- they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Website publication

The Directors are responsible for the maintenance and integrity of the information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Shipleys LLP will be deemed to continue in office under the Companies Act 2006, S487 (2).

Corporate governance statement

The Board is committed to effective and robust corporate governance and has progressed the Company's corporate governance since Admission.

The Board has agreed to apply the QCA Code. The disclosures required by the QCA Code can be found at the company's website, The QCA Code is available from the QCA website, www.theqca.com.

The Board

The full biographies of the Directors can be found on page 17. At the date of this report, the Board comprises two Executive Directors and two Non-Executive Directors, one of which is the Non-Executive Chairman.

Ian Pearson	Non-Executive Chairman	Joined October 2021
Nigel McNair-Scott	Non-Executive Director	Joined October 2021
Steven Metcalfe	Chief Executive Officer	Joined April 2021
Stuart Nicol	Chief Investment Officer	Joined January 2022

The Chairman and the CEO have separate and clearly defined roles. The Chairman is responsible for overseeing the Board and the CEO is responsible for implementing the stated strategy of the Company and for its operational performance.

The Chairman is committed to ensuring that the Board comprises sufficient Non-Executive Directors to establish an independent oversight which is challenging and constructive in its operation. The Board believes that the Non-Executive Directors are of sufficient experience and quality to bring an expert and objective dimension to the Board. The Company ensures that the Non-Executive Directors are enabled to call on specialist external advice where necessary.

Directors are expected to attend Board and Committee meetings and to devote enough time to the Company and its business to fulfil their duties as Directors.

Non-Executive Directors/Board independence

The Company has two independent Non-Executive Directors, Ian Pearson (Non-Executive Chairman) and Nigel McNair-Scott, who provide an important contribution to its strategic development.

The Non-Executive Chairman acquired 17,500,000 shares in the Company in the founders placing which occurred on 22 April 2021. However, due to the small size of this shareholding, the Directors do not consider that this impacts on the Chairman's independence.

Board meetings

The Board meets on a regular basis throughout the calendar year and as required on an ad hoc basis with a mandate to consider strategy, operational and financial performance and internal controls. In advance of each meeting, the Chairman sets the agenda, with the assistance of the Company Secretary. Directors are provided with appropriate and timely information, including board papers distributed in advance of the meetings. Those papers include reports from the executive team and other operational heads.

Full minutes of each meeting are produced, including a log of actions to be taken. The Chairman then follows up on each action at the next meeting, or before if appropriate.

Director	Position	Board		Committee	
		Max possible attendance	Meetings attended	Audit	Remuneration
Ian Pearson	Non - Executive Chairman	6	6	1	1
Nigel McNair-Scott	Non-Executive Director	6	6	1	1
Steven Metcalfe	Chief Executive Officer	6	6		
Stuart Nicol	Chief Investment Officer	6	6		

Matters reserved for the Board

Matters reserved for the decision of the Board include:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk management and internal controls
- Bank facilities, guarantees and indemnities
- Communication with shareholders
- Board membership and other appointments
- Remuneration, employee benefits and employee issues
- Delegation of authority
- Corporate governance matters
- Policies

Committees

The Board has in place Audit and Remuneration Committees, which comply with the stated terms of reference for each committee.

The Remuneration Committee

Ian Pearson chairs the Remuneration Committee together with Nigel McNair-Scott as the other member.

Meetings are held at least once a year. The Remuneration Committee is responsible for advising on the remuneration policy for Directors and Senior Management only.

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension payments and compensation rights.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration. Details of the level and composition of the Directors' remuneration are disclosed in the Directors' report.

The Audit Committee

Nigel McNair-Scott chairs the Audit Committee together with Ian Pearson as the other member.

The Audit Committee meets at least once a year.

The Audit Committee has the primary responsibility for ensuring that the financial performance of the Group is properly measured, reported on and monitored.

The Audit Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor. In making the recommendation on the annual re-appointment of the external auditor, it monitors the relationship to assess independence, objectivity and cost effectiveness of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees.

The Nomination Committee

Due to the size and nature of the Company, the Board does not believe a nominations committee is necessary. However, the Directors will continue to assess the need for establishing a nominations committee or other committees as the Company develops, taking into account the principles of good governance

Election and re-election of the Directors

All of the Directors will retire and apply for re-election at the Company's annual general meeting in November 2022.

Support for Directors

Each Director has access to the advice and support of the Company Secretary, who ensures compliance with the Board's procedures and advice as to applicable rules and regulations. The Company also provides professional training for the Directors where necessary (at the Company's expense).

Internal control

The Board is ultimately responsible for maintaining the Company's risk framework system of internal control and for reviewing the effectiveness of such system. No system can be perfect, but the Board considers the Company's systems manage risks appropriately in order that the Company can achieve its business objectives.

Board evaluation

The focus of Board activity is on the review of progress being achieved by the management team against a clearly expressed growth strategy with published KPIs which are well understood by stakeholders. The Board has established a Remuneration Committee comprising the Chairman and the Non-Executive Director which meets at least once in each calendar year. This committee, in the course of its work, reviews the performance of individual Directors and senior managers and the workings of the Board and its committees, in consultation with the Chief Executive Officer.

The committee is also the primary forum within which Board development is discussed.

The Chairman takes overall responsibility for evaluation of the Board and its progress against its stated strategy.

Corporate culture

The Board places significant importance on the promotion of ethical values and good behaviour within the Company and takes ultimate responsibility for ensuring that these are promoted and maintained throughout the organisation and that they guide the Company's business objectives and strategy.

The Board are satisfied that for a company of this size and complexity adequate controls are in place.

Relations with shareholders

The Board considers it important to maintain an open dialogue with the Company's shareholders and to keep those shareholders fully informed of the strategy, operational developments and prospects.

The Company keeps investors informed of its progress through announcements and updates as to financial and operational matters.

The executives will meet with shareholders on formal roadshows after publication of results and hold ad hoc meetings with shareholders during the course of the year.

Annual General Meeting

The AGM will be held on 22 November 2022 at 09:30. The Notice of AGM, setting out the resolutions proposed, is contained in a separate document and is available on the Company's website www.quantumexp.co.uk.

Approved by the Board on 6 October 2022

S Metcalfe

Steven Metcalfe

Chief Executive Officer

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANTUM EXPONENTIAL GROUP PLC

Opinion

We have audited the financial statements of Quantum Exponential Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 30 April 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cash Flows, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2022 and of the Group's profit for the period then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group's business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud and instances of non-compliance with laws and regulations.

- Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

An auditor conducting an audit in accordance with ISAs (UK) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error and in our audit procedures described above. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Risk of material overstatement of investments

There is a risk of impairment of investments

How the scope of our audit responded to the risk

We performed the following work:

- Discussed with management the carrying value of investments in order to see if there is any indication of impairment
- Inspected management accounts where available of investee companies nothing both net asset position and underlying performance of these companies

Going concern

There is a risk that the Company may hold insufficient working capital to allow it to meet its financial obligations as they fall due thus giving rise to a going concern risk.

How the scope of our audit responded to the risk

We considered the Group's immediately available assets, as well as the level of any committed facilities.

Management override of controls

There is a risk that journals can be posted that significantly alter the Financial Statements.

How the scope of our audit responded to the risk

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Financial Statements.

In addition, we reviewed accounting estimates for biases that could result in material misstatements due to fraud.

We obtained an understanding of the business rationale of significant transactions that we became aware of that were outside the normal course of business for the Group, or that otherwise appeared to be unusual given our understanding of the entity and its environment.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

We determined materiality to be £305,000, which was 4% of the Group's net assets. We believe that this materiality basis provides us with the best assessment of the requirements of the users of the financial statements.

Performance materiality

Performance materiality reflects the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was approximately 75% of our planning materiality, namely £228,000.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.
We set the threshold at 5% of planning materiality and therefore report to the Board all uncorrected audit differences in excess of £15,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Benjamin Bidnell

Benjamin Bidnell (Senior Statutory Auditor)
for and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

19/10/2022

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

	Notes	Period 9 April 2021 to 30 April 2022 £
Revenue	4	9,497
Gross profit		**9,497**
Operating expenses		(753,386)
Operating loss		**(743,889)**
Finance income	8	5
Gain on fair value adjustments on investments	17	1,087,817
Profit before tax	5	**343,933**
Taxation on operations	10	(121,812)
Profit for the period		**222,121**
Earnings per share from loss attributable to the ordinary equity holders of the company		
Total - Basic EPS	10	**0.001p**
Total – Diluted EPS	10	**0.001p**

The notes on pages 37 to 53 form an integral part of these financial statements.

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

Registered Number 13324860

	Notes	2022 £
Assets		
Non-current assets		
Investments	16	1,993,512
Total non-current assets		**1,993,512**
Current assets		
Cash and cash equivalents		3,694,790
Other receivables	11	71,900
Total current assets		**3,766,690**
Total assets		**5,760,202**
Current liabilities		
Trade payables and other payables	12	(80,131)
Total current liabilities		**(80,131)**
Provision for liabilities	13	**(121,812)**
Total liabilities		**(201,943)**
Net assets		**5,558,259**
Equity		
Share capital	14	3,283,750
Share premium	14	2,114,610
Merger reserve		(261,810)
Capital contributions	16	199,732
Other reserves		(144)
Retained profit		222,121
Total equity		**5,558,259**

Approved by the Board on 6 October 2022 and signed on its behalf by:

Steven Metcalfe
Chief Executive Officer

The notes on pages 37 to 53 form an integral part of these financial statements.

Quantum Exponential Group plc
Company Statement of Financial Position
As at 30 April 2022 **Registered Number 13324860**

	Notes	2022 £
Assets		
Non-current assets		
Investments in financial assets	16	1,993,512
Investments in subsidiary undertakings	17	2,462,500
Total non-current assets		**4,456,012**
Current assets		
Cash and cash equivalents		3,694,790
Other receivables	11	71,900
Total current assets		**3,766,690**
Total assets		**8,222,702**
Liabilities		
Current liabilities		
Trade payables and other payables	12	(2,542,631)
Total current liabilities		**(2,542,631)**
Provision for liabilities	13	**(121,812)**
Total liabilities		**(2,664,443)**
Net assets		**5,558,259**
Equity		
Share capital	14	3,283,750
Share premium	14	2,114,610
Merger reserve		(261,810)
Capital contributions	16	199,732
Other reserves		(144)
Retained profit		222,121
Total equity		**5,558,259**

In accordance with section 408 of the Companies Act 2006 the parent company has not presented its own Income Statement, which resulted in a profit after tax of £222k.

Approved by the Board on 6 October 2022 and signed on its behalf by:

Steven Metcalfe
Chief Executive Officer

The notes on pages 37 to 53 form an integral part of these financial statements.

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

	2022
	£
Profit before tax for the period	**222,121**
Adjustments for:	
Interest income	(5)
(Increase) in trade and other receivables	(71,900)
Increase in trade and other payables	80,131
Provisions	121,812
Net fair value adjustment gain	(1,087,817)
Cash (outflow)/inflow from operating activities	**(735,658)**
Investing activities	
Purchase of investments	(705,963)
Net cash used in investing activities	**(705,963)**
Financing activities	
Proceeds from issue of ordinary share capital	5,136,550
Purchase of own shares via EBT	(144)
Interest income	5
Net inflow of cash generated from financing activities	**5,136,411**
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	**3,694,790**

The notes on pages 37 to 53 form an integral part of these financial statements.

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

	2022
	£
Profit before tax for the period	**222,121**
Adjustments for:	
Interest income	(5)
(Increase) in trade and other receivables	(71,900)
Increase in trade and other payables	2,542,631
Provisions	121,812
Net fair value adjustment gain	(1,087,817)
Cash (outflow)/inflow from operating activities	**1,726,842**
Investing activities	
Purchase of investments	(3,168,463)
Net cash used in investing activities	**(3,168,463)**
Financing activities	
Proceeds from issue of ordinary share capital	5,136,550
Purchase of own shares via EBT	(144)
Interest income	5
Net inflow of cash generated from financing activities	**5,136,411**
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	**3,694,790**

The notes on pages 37 to 53 form an integral part of these financial statements.

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

	Note	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	**14**	3,283,750	2,114,610	(261,810)	-	-	-	5,136,550
Gifted shares		-	-	-	199,732	-	-	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 notes on pages 37 to 53 form an integral part of these financial statement

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

	Note	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	**14**	3,283,750	2,114,610	(261,810)	-	-	-	5,136,550
Gifted shares		-	-	-	199,732	-	-	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 notes on pages 37 to 53 form an integral part of these financial statements.

1. Accounting Policies

Corporate information

Quantum Exponential Group Plc is a public limited company, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is Fladgate LLP, 16 Great Queen Street, London, United Kingdom, WC2B 5DG. The Company's ordinary shares are traded on the Aquis Stock Exchange (AQSE), a primary and secondary market for equity and debt securities. The financial statements of Quantum Exponential Group plc for the period ended 30 April 2022 were authorised for issue by the Board on 6 October 2022 and the balance sheets signed on the Board's behalf on 6 October 2022.

The nature of the Group's operations and its principal activity is to assemble a portfolio of potential investments in leading quantum technology companies globally.

2. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standard and interpretations are most relevant to the Company.

Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with UK International Financial Reporting Standards (IFRS') in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit and loss.

The financial statements are presented in Pounds Sterling (£) which is the functional currency of the Company and Group.

Basis of consolidation

The Group financial statements consolidate the results of Quantum Exponential Group plc and its subsidiary undertakings for the period 9 April 2021 to 30 April 2022.

The financial statements of subsidiaries are prepared for the same reporting years using consistent accounting policies.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries is included from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and

2. Accounting Policies (Continued)

Basis of consolidation (continued)

expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accountimng estimates. It also requires mamagement to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, as disclosed in note 3.

Going concern

In determining the basis for preparing the financial statements, management are required to consider whether the Group and Company can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the financial statements. The Directors have prepared forecasts of the Group's and Company's financial performance over the next twelve months from the date of this report.

The forecasts include assumptions regarding the opportunity funnel, growth plans, risks and mitigating actions. The Board are exploring a number of such opportunities which are available to the Group, and are confident that the required financing is available.

The Group's forecasts, assumptions and projections, taking account of sensitivities, support the conclusion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Group and Company, therefore, continues to adopt the going concern basis in preparing the financial statements.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account the time value of money; allocates the transaction price to separate performance obligations on the basis of the relative standalone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the service provided.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The tax expense comprises current and deferred tax. Tax currently payable, relating to corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the

2. Accounting Policies (Continued)

Income tax (continued)
inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, and that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction, or other event, that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts, and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Bank overdrafts are shown within borrowing in current liabilities.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current

Investments and other financial assets

Investments and other financial assets, other than investments in subsidiaries undertakings, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both

2. Accounting Policies (Continued)

Investments and other financial assets (continued)

the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Investment in subsidiary undertakings are recorded at cost less any provision for impairment.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non- financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2. Accounting Policies (Continued)

Impairment of non-financial assets (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rote specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Issued shares

Ordinary shares are classified as equity.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

3. Critical accounting judgements, estimates and assumptions (continued)

Investment valuation

The Group has a number of investments in unlisted entities whereby their valuation is determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable data and therefore involves a degree of judgement and estimation by Directors.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

4. Operating segments

For management purposes, the Group is organised into a single geographic area from which the Group operates, namely, the UK and it is this operating segment for which the Group is providing disclosure. The chief operating decision maker is the Board of Directors, which assesses the performance of the operating segments using key performances: turnover, operating profit and net asset position.

Revenue by business activity (All UK) is analysed below. No additional disclosure of results and net asset has been made since, in the opinion of the Board, there is only one operating segment.

	2022 £
Management and arrangement fees	9,497
Total revenue	9,497

5. Profit before tax for the period

Profit before tax for the period has been arrived at after charging/(crediting):

	2022 £
Exchange loss/(gain)	(30,136)
Auditor's remuneration	12,000
Staff costs	207,957

6. Auditor's Remuneration

	2022 £
Audit services	
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**12,000**
Total audit fees	**12,000**

7. Staff costs

The average monthly number of employees (excluding non-executive directors) was:

	2022 Number
Directors (executive)	**2**
	2

Their aggregate remuneration comprised:

	2022 £
Wages and salaries	**190,500**
Social security costs	**12,707**
Pension scheme contributions	**4,750**
	207,957

The total Directors' emoluments (including non-executive directors' remuneration of £50,000) was £240,500. The aggregate value of contributions paid to money purchase pension schemes was £4,750 in respect of two directors.

The highest paid director received emoluments of £85,000 and amounts paid to money purchase pension schemes was £2,500.

Key management comprise the Executive Directors and the Group has no other employees.

8. Finance income

	2022 £
Interest income	**5**
Total finance income	**5**

9. Tax

Recognised in the income statement

	2022 £
Current tax credit:	
UK corporation tax on losses in the period	-
Total current tax	-
Deferred tax:	
Capital gains/(losses)	271,954
Losses	(150,142)
Total deferred tax	121,812
Total tax charge in income statement	121,812

Effects of future tax rate changes

The standard rate of UK corporation tax is currently 19%. A rate increase to 25% comes into effect from 1 April 2023. This was substantively enacted on 24 May 2021 and as such deferred tax has been calculated accordingly at this rate

Reconciliation of tax credit

The charge for the period can be reconciled to the profit in the income statement as follows:

	2022 £
Profit before tax	343,933
Tax at the UK corporation tax rate of 19%	65,347
Expenses not deductible	27,230
Fair value gains not taxable	(206,685)
Increase in UK potential tax losses	114,108
Deferred tax charge	121,812
Total tax charge for the period	121,812

10. Profit per share

The calculation of the basic earnings per share is based on the following data:

Profit	**2022** **£**
Profit for the purposes of basic profits per share being net profit attributable to owners of the Group	**222,121**

Number of shares	**2022** **Number**
Weighted average number of ordinary shares for the purposes of basic profits per share	**172,605,545**

	2022
Basic (p)	0.001p

The calculation of the diluted earnings per share is based on the following data:

Profit	**2022** **£**
Profit for the purposes of basic profits per share being net profit attributable to owners of the Group	**222,121**

Number of shares	**2022** **Number**
Weighted average number of ordinary shares for the purposes of diluted profits per share	**230,717,211**

	2022
Basic (p)	0.001p

11. Trade and other receivables

Receivable within one year:

	Group **2022** **£**	**Company** **2022** **£**
Other receivables	**10,005**	**10,005**
Prepayments	**28,147**	**28,147**
Current tax assets	**33,748**	**33,748**
	71,900	**71,900**

12. Trade and other payables

Payable within one year:

	Group 2022 £	Company 2022 £
Trade payables	**27,787**	**27,787**
Other payables	**9,846**	**9,846**
Accruals	**39,999**	**39,999**
Deferred income	**2,499**	**2,499**
Amounts owed by group companies	**-**	**2,462,500**
	80,131	**2,542,631**

13. Deferred tax

	Group 2022 £	Company 2022 £
9 April 2021	**-**	**-**
Change in period	**121,812**	**121,812**
30 April 2022	**121,812**	**121,812**

Elements of deferred tax are as follows:

	Group 2022 £	Company 2022 £
Capital gains/(losses)	**271,954**	**271,954**
Losses and other deductions	**(150,142)**	**(150,142)**
	121,812	**121,812**

14. Share capital

	£
Authorised:	
500,000,000 Ordinary shares of £0.01 each	**5,000,000**
Allotted, called up and fully paid:	
Balance at 30 April 2022: 328,375,000 Ordinary shares of £0.01 each	**3,283,750**

During the year, the Group issued and allotted 328,375,000 placing shares and subscription shares which also gave rise to net share premium proceeds of £2,114,610.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. Warrants

The Company issued warrants to the investors in the IPO and they were issued at no cost. The Company has 58,111,666 investor warrants in circulation at an exercisable price of 7.5p per share for two years following admission. In the opinion of the Directors the fair value of the warrants at date of grant was £nil.

Date of grant	Date of expiry	Exercise price	Number of warrants			
			Granted	Exercised	Lapsed	Unexercised at year-end
01-11-21	31-10-23	7.5p	58,111,666	-	-	58,111,666
			58,111,666	-	-	58,111,666

16. Financial assets

Summary of financial assets

	2022 £
Non-Current	
Investments in financial assets designated at fair value through profit or loss	1,993,512
	1,993,512

Analysis of movement of non-current investments

	2022 £
Financial assets designated at fair value through profit or loss	
Non – Current	
Purchases during the year	705,963
Gifted shares during the year	199,732
Net unrealised gain in fair value	1,087,817
Fair value of investments carried forward	1,993,512

During the period, a shareholder gifted to the Company options over shares in another company. The options could not be exercised until the expiry of the lock-up of the connected party shares. The Directors valued the 4,342 ordinary shares initially at £199,732 on the basis on the last capital raise of £46 per share. The lock-up expired on the earlier of 18 months from the closing of the acquisition of the company and the date on which the share price of the company's shares exceeds $12.50 for any 20 trading days during a 30 consecutive day trading period. These conditions have now been satisfied and the options held by the Company is now 199,993 ordinary shares and have valued the shares at fair value, representing an uplift of £1,087,817.

17. Investments in subsidiary undertakings

Subsidiary undertakings

	2022 £
9 April 2021	-
Additions	2,462,500
30 April 2022	**2,462,500**

At the reporting date the Company had the following investments in subsidiary undertakings whose registered office is situated at 16 Queen Street, London, England, WC2B 5DG.

Undertaking	Country of incorporation	Class of shares	Proportion of shares held	Nature of business
Quantum Exponential Limited	England	Ordinary	100%	Dormant subsidiary
Quantum Exponential EBT Limited	England	Ordinary	100%	Acting as a nominee for the Quantum Exponential Group plc Employee Benefit Trust

The Quantum Exponential Group plc Employee Benefit Trust holds 14,400,000 ordinary shares in Quantum Exponential Group plc. Based on the quoted market price at 30 April 2022 these shares were valued at £547,344.

18. Financial instruments

IFRS 9 requires the Group to classify financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(a) Financial instruments classified as level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise equity investments classified as trading securities or available-for-sale

18. Financial instruments (continued)

(b) Financial instruments classified as level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments classified as level 3

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) and determined by using valuation techniques. which require significant adjustment based on unobservable inputs are included in level 3.

The determination of what constitutes observable requires judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For financial instruments classified as level 3 the Group uses a combination of internal and external valuations. Where management determines an external valuation is appropriate the group engages with professional service providers. Specific valuation techniques include:

- Market approach (utilising EBITDA or Revenue multiples, industry value benchmarks and available market prices approaches);
- Net asset approach;
- Income approach (utilising Discounted Cash Flow, Replacement Cost and Net Asset approaches);
- Desktop valuations based on price of a recent transaction when transaction price/cost is considered indicative of fair value; and
- Actuarial valuations using Monte Carlo, Black Scholes and adjusted binomial models.

18. Financial instruments (continued)

The following table presents the Group's assets that are measured at fair value at 30 April 2022:

	Level 1 £	Level 3 £	Total £
Held at fair value			
At 9 April 2021	-	-	-
Additions during the year	**199,732**	**705,963**	**905,695**
FV adjustment	**1,087,817**	**-**	**1,087,817**
At 30 April 2022	**1,287,549**	**705,963**	**1,993,512**
Net book value			
At 30 April 2022	**1,287,549**	**705,963**	**1,993,512**

There were no transfers between levels during the year.

Financial Instruments

Financial risk management objectives

The Group uses a limited number of financial instruments comprising mainly of cash and investments in companies. The Group has other financial instruments such as trade and other receivables and payables, that arise directly from operations.

	Group 2022 £	Company 2022 £
Financial assets		
Shares	1,993,512	1,993,512
Cash at bank	3,694,790	3,694,790
Other receivables excluding taxation	38,152	38,152
Total	**5,726,454**	**5,726,454**
Financial liabilities		
Other payables	80,131	2,542,631
Total	**80,131**	**2,452,631**

The Directors consider the carrying amounts of financial assets and financial liabilities recognised in the financial statements to approximate their fair value.

18. Financial instruments (continued)

Exposure to currency, credit, liquidity and interest rate risk arise in the normal course of the Group's business. The Directors review and agree policies for managing each of these risks to minimize potential adverse effects on the Group's financial performance. Sensitivity analysis indicates none are likely to have a material impact on the profitability or net assets of the Group.

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk in that it holds options over shares that are denominated is US dollars. At 30 April 2022 these options were valued at $1,615,944.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Generally, trade and other receivables are written off when there is no reasonable expectation of recovery.

Interest rate risk

The Group is not exposed to material interest rate risk. The Group finances its operations through cash reserves. The cash reserves held by the Group are with a major bank and have negated the need to use significant interest-bearing short-term borrowings.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value risk

The aggregate net fair value and carrying amounts of all other assets and liabilities, including financial assets and financial liabilities, are disclosed in the Statement of Financial Position and the Notes.

Capital risk factors

The Group's primary source of capital is equity. The Board considers that a key operating risk is insufficient working capital to fund the planned growth of the Group. Funding is regularly assessed against forecasts and managed accordingly to minimize this risk. The Group is not subject to any externally imposed capital requirements.

Market risk

The Group may be affected by general market trends, which are unrelated to the performance of the Group itself.

Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

19. Capital management

The Group's objectives when managing capital are to safeguard the ability of the Group 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.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to capital ratio. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity. The debt to capital is set out in the table below. The Group does not have a net debt position.

	Group 2022 £	Company 2022 £
Debt	80,131	2,452,631
Cash and cash equivalents	(3,694,790)	(3,694,790)
Net surplus	(3,614,659)	(1,242,159)
Total equity	**5,558,259**	**5,558,259**

20. Reserves

Share premium

The share premium reserve represents the additional amount shareholders paid for their shares in excess of the par value less any transaction costs associated with the share issue.

Capital contributions

The capital contributions reserve represents the value of shares gifted to the Company.

Merger reserve

The merger reserve reflects the movement arising on the acquisition of the subsidiaries undertakings.

Other reserves

Other reserves represent investment in the Company's own shares by the Employee Benefit Trust (EBT).

21. Related party transactions

At 30 April 2022 the Company owed £2,462,500 to a subsidiary undertaking. This amount is eliminated on consolidation.

During the period a shareholder gifted to the Company options held ove shares in another company, see note 16.

Director's transactions

There were no transactions with Directors during the period.

22. Events after the balance sheet date

There have been no further events after the reporting date that require adjustment or disclosure in line with IAS10 events after the reporting period.

22. Ultimate controlling party

The company is quoted on the AQSE market and there is no single controlling party.