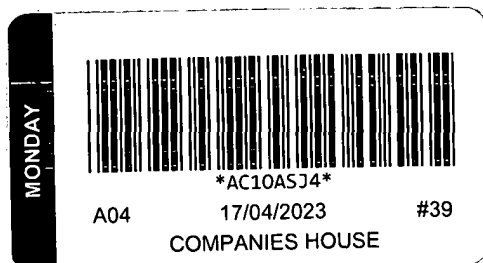


REGISTERED NUMBER: 10867089 (England and Wales)

Financial Statements for the Year Ended 31 July 2022

for

Quantum Motion Technologies Limited



Quantum Motion Technologies Limited (Registered number: 10867089)

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for the year ended 31 July 2022

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Quantum Motion Technologies Limited

Company Information
for the year ended 31 July 2022

DIRECTORS:

Professor J J L Morton
A L Sangiovanni Vincente
R J Galema
S A Harman
IP2IPO Services Limited
J A R Palles-Dimmock
J O Westerhues

SECRETARY:

Haddleton & Co Limited

REGISTERED OFFICE:

Windsor House
Cornwall Road
Harrogate
West Yorkshire
HG1 2PW

REGISTERED NUMBER:

10867089 (England and Wales)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

Quantum Motion Technologies Limited (Registered number: 10867089)

Statement of Financial Position

31 July 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		2,819,287		110,923
CURRENT ASSETS					
Debtors	6	1,145,956		835,692	
Cash at bank		1,600,588		5,750,968	
		2,746,544		6,586,660	
CREDITORS					
Amounts falling due within one year	7	1,686,872		198,618	
NET CURRENT ASSETS			1,059,672		6,388,042
TOTAL ASSETS LESS CURRENT LIABILITIES			3,878,959		6,498,965
CAPITAL AND RESERVES					
Called up share capital	9		5,143		5,143
Share premium			9,672,348		9,672,348
Capital contribution			220,795		-
Retained earnings			(6,019,327)		(3,178,526)
SHAREHOLDERS' FUNDS			3,878,959		6,498,965

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Quantum Motion Technologies Limited (Registered number: 10867089)

Statement of Financial Position - continued

31 July 2022

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 14th April 2023 and were signed on its behalf by:

JPD

.....
J A R Palles-Dimmock - Director

The notes form part of these financial statements

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements *for the year ended 31 July 2022*

1. STATUTORY INFORMATION

Quantum Motion Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company will have sufficient funding available to enable it to continue to operate for the foreseeable future.

To date, the company has been financed by the issue of equity, shareholder loans and grants received.

Subsequent to the year end the company has completed a funding round and have raised a further £40m in equity. As a result the directors are confident that they can control future costs and existing cash balances in such a manner that will allow the company to continue as a going concern.

The directors therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Significant judgements and estimates

There are no material judgements made by the directors in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Plant and machinery - over 5 years
- Computer equipment - over 3 years
- Fixtures & fittings - over 5 years
- Short leasehold improvement to property costs - over the life of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued
for the year ended 31 July 2022

3. ACCOUNTING POLICIES - continued

Financial instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Convertible loan notes

Convertible loan notes are initially measured at the present value of the future payments discounted at a market rate of interest and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued *for the year ended 31 July 2022*

3. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- it is probable that the future economic benefits that are attributable to the asset will flow to the company;
- the project is technically and commercially feasible;
- the company intends to and has sufficient resources to complete the project;
- the company has the ability to use or sell the asset; and
- the cost of the asset can be measured reliably.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third-party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets as it is deemed that the probability of future economic benefit is currently uncertain.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued
for the year ended 31 July 2022

3. ACCOUNTING POLICIES - continued

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 16 (2021 - 8).

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued
for the year ended 31 July 2022

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 August 2021	28,612	90,612	119,224
Additions	924,229	2,244,431	3,168,660
At 31 July 2022	<u>952,841</u>	<u>2,335,043</u>	<u>3,287,884</u>
DEPRECIATION			
At 1 August 2021	-	8,301	8,301
Charge for year	128,241	332,055	460,296
At 31 July 2022	<u>128,241</u>	<u>340,356</u>	<u>468,597</u>
NET BOOK VALUE			
At 31 July 2022	<u>824,600</u>	<u>1,994,687</u>	<u>2,819,287</u>
At 31 July 2021	<u>28,612</u>	<u>82,311</u>	<u>110,923</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Other debtors	<u>1,145,956</u>	<u>835,692</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	590,067	123,676
Taxation and social security	40,805	23,194
Other creditors	1,056,000	51,748
	<u>1,686,872</u>	<u>198,618</u>

Included within other creditors is £802,228 (including accrued interest of £23,013) of convertible unsecured loan stock issued to a number of existing shareholders. The value of loan stock issued is £1,000,000 and is interest free and becomes repayable or convertible into equity after 5 years. A number of events such as a successful funding round, listing, or company sale can trigger the early conversion of the loan stock into equity. The loan stock has been accounted for using the present value of the future payments discounted at a market rate of interest. The difference between the face value of the loan stock and the present value of the loan stock has been recognised as a capital contribution.

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued
for the year ended 31 July 2022

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	309,908	31,572
Between one and five years	964,676	392,397
In more than five years	-	9,021
	<u>1,274,584</u>	<u>432,990</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
2,358,334	Ordinary £0.001	0.1p	2,358	2,358
100,000	Non Voting B	0.1p	100	100
2,560,332	Series A	0.1p	2,560	2,560
125,000	C Ordinary	0.1p	125	125
			<u>5,143</u>	<u>5,143</u>

10. RELATED PARTY DISCLOSURES

During the year, the company incurred consultancy costs of £24,966 (2021:£24,965) for the services of a director.

11. POST BALANCE SHEET EVENTS

Subsequent to the year end the company has issued 4,941,729 Series B1 shares and 528,120 Series B2 shares for total cash consideration of £40,066,104.

In addition, the company also issued a further £1,000,000 of unsecured convertible loan stock. The total loan stock in issue of £2,000,000 was then converted into 341,299 Series B1 shares.

Quantum Motion Technologies Limited (Registered number: 10867089)

Notes to the Financial Statements - continued
for the year ended 31 July 2022

12. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans under which it grants options over ordinary shares to certain directors and employees of the company. Options under these plans are exercisable at a range of exercise prices based on the market price of the company's shares on the date of the grant. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (£)
At 1 August 2021	222,875	92,344	315,219	0.36
Exercised during the period	-	-	-	-
Granted during the period	119,000	658,420	777,420	0.36
Cancelled during the period	-	-	-	-
Forfeited during the period	-	-	-	-
At 31 July 2022	<u>341,875</u>	<u>750,764</u>	<u>1,092,639</u>	<u>0.36</u>

Options vest over a 3 year period from the vesting commencement date. Options not yet exercised have an exercise price of £0.36 per share.

Any share options which are not exercised within 10 years from the date of grant will expire. A share-based payment charge of £nil has been recognised in these financial statements for the year ended 31 July 2022 (2021: £nil).

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.40%
Weighted average exercise price of a share	£0.36