

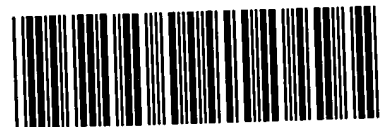
Registered number: 10803852

OXFORD QUANTUM CIRCUITS LIMITED

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2024

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OXFORD QUANTUM CIRCUITS LIMITED**COMPANY INFORMATION**

| | |
|-----------------------------|---|
| DIRECTORS | Nicholas Dixon-Clegg appointed on 28 June 2024 Kayo Chin Peter Lutz George George Frederick Cecil Mills Gerald Thomas Mullally appointed on 12 June 2024 Tomoyuki Nii appointed on 12 January 2024 Jack Byron Boyer appointed on 15 April 2025 Sir Jeremy Ian Fleming appointed on 12 May 2025 |
| COMPANY SECRETARY | Nikki Marie Cooper |
| REGISTERED NUMBER | 10803852 |
| REGISTERED OFFICE | Thames Valley Science Park 1 Collegiate Square, South Ave, Reading, RG2 9LH United Kingdom |
| INDEPENDENT AUDITORS | Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 1st Floor, One Valpy 20 Valpy Street Reading RG1 1AR United Kingdom |

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OXFORD QUANTUM CIRCUITS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Objective and strategy

Oxford Quantum Circuits (OQC) is a globally leading quantum computing group pioneering the logical era—an inflection point where quantum systems deliver commercially valuable outcomes. Our core objective is to develop and deploy enterprise-grade quantum computers that unlock tangible advantages for industries such as financial services and national security. Ultimately our goal is for our systems to execute trillions of quantum operations, tackling problems far beyond the reach of classical machines.

Our strategy is centred on three pillars:

- **Technology Leadership:** OQC is setting the benchmark in quantum performance through sustained R&D and innovation. Proprietary architecture delivers exceptional speed, quality, and scalability—demonstrated by one of the world's fastest two-qubit gates and industry-leading hardware efficient scaling.
- **Global Access and Deployment:** OQC is delivering secure and accessible quantum systems across multiple geographies, with live deployments in the UK, Japan, and Spain. The Group continues to expand into new strategic regions, marking world firsts in enterprise quantum infrastructure.
- **Scalable Commercial Model:** Through a fabless production model and advanced packaging capabilities, OQC is positioned to scale efficiently and meet growing enterprise and sovereign demand. Collaborations with globally recognised manufacturing and materials partners support a rapid path to volume production.

OQC's mission- to put quantum in the hands of humanity is supported by a sustainable competitive advantage, world-class technical and commercial teams, and a clear roadmap to long-term market leadership.

Business review

OQC has made substantial progress in commercial readiness, technical leadership, and international operations during the year ended 30 June 2024. This has laid a strong foundation for long-term growth in the logical era of quantum computing.

Turnover for the year totalled £4,749,918, compared to £807,797 in FY23. The Group recorded a loss after tax of £10,551,007 (FY23: £6,062,190), reflecting continued investment in R&D and infrastructure ahead of commercial scale-up.

In support of our growth trajectory, OQC successfully raised £26.6million in Series B funding during the year, with a further £8.6million secured post-year end, demonstrating investor confidence in our technological and strategic direction

OQC deployed two additional quantum systems during the reporting period, expanding our commercial footprint across three global regions—UK, Japan, and Spain. These systems provide secure cloud-based quantum access to enterprise customers, with increasing real-world usage in regulated sectors including financial services and national security.

Key performance indicators

The Directors monitor the business using management reports and information, reviewed and discussed at monthly technical & management meetings. The most important of these KPI's have been included below :

| | 30 June 2024 £ | 30 June 2023 £ |
|--|-------------------|-------------------|
| Cash balance | 24,810,336 | 7,587,669 |
| Operating loss | (14,700,446) | (10,013,617) |
| Capitalised research and development expenditure | 12,625,823 | 15,980,444 |

OXFORD QUANTUM CIRCUITS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the Company and Group will continue in operational existence for the foreseeable future.

The Directors have reviewed cash flow forecasts for a period of at least 12 months from the date of signing of the financial statements. The Group's projected income and expenses and cash flows are prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends through to 30 June 2026. These projections indicate that the Group and Company will continue to be able to meet its liabilities as they fall due through this period and therefore believe it is appropriate to adopt the going concern basis in preparing these financials statements.

Development cost capitalisation

Ongoing development is assessed and capitalised where appropriate and amortised on a straight-line basis at 20% per year. At 30 June 2024 the net book value of capitalised development costs was £20,766,518 (2023: £17,184,452).

Future developments

OQC is now entering a phase of accelerated scale-up, with future developments focused on technology readiness, global reach, and commercial enablement. These initiatives are strategically aligned with our mission to deliver the most accessible and scalable quantum systems for enterprise and sovereign customers.

- 1. Next generation systems:** OQC is preparing to launch a new generation of quantum systems with hundreds of qubits, designed for greater speed, reliability, and scale. These systems are built using advanced wafer-level packaging and are optimised to support the deeper quantum operations needed for commercially useful workloads. The new platforms will strengthen OQC's ability to meet growing demand in regulated and compute-intensive sectors. By delivering higher performance in a more scalable format, OQC is laying the technical foundation for enterprise and sovereign partners to access quantum advantage.
- 2. Market expansion:** OQC is entering new international markets through a major enterprise deployment. This step reflects the growing global demand for secure, sovereign-accessible quantum computing and supports OQC's ambition to become the world's most accessible quantum platform. As part of this expansion, OQC continues to partner with leading data centre and infrastructure providers to deliver low-latency, high-availability quantum access across global financial and national security hubs.
- 3. Enabling commercial applications:** To accelerate adoption, OQC is working closely with enterprise customers to develop sector-specific quantum applications, particularly in financial services and national security. These efforts focus on unlocking value from quantum computing in real-world contexts.

OXFORD QUANTUM CIRCUITS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Principal risks and uncertainties

The principal risks that the Board currently consider affect the Group and the steps taken to mitigate and control them are as follows:

Technology/ Competition

The Group operates in a highly competitive environment of rapidly evolving technological advancement. We may face increased competition as new software and technologies are released to market. Our technology or approach to market could prove inferior and adversely affect our performance.

The Group has developed unique core IP providing the world's simplest quantum architecture. This enables key technologies to be scaled without any compromise on quality. This is unique to the world of quantum computers. In addition we continue to invest in research and development to ensure our technology remains competitive whilst maintaining a current view of the market and the actions of our competitors to ensure awareness of industry trends and advancements.

Availability of capital

The Group will require significant cash to invest in ongoing research and development and business operations. The directors have reviewed the cash flow forecasts and they indicate the Group will be able to meet all its liabilities as and when they fall due for a period of at least 12 months from the date of signing these financial statements. The ability to raise additional capital is essential to enable further research and development activities to be undertaken to deliver required technological advancements in the future. The Board actively reviews the cash needs of the business and ensures proactive and timely action is taken to secure funding needed by the Group through a diversity of sources.

Talent acquisition and retention

The Group has been successful in attracting and retaining specialised and highly skilled personnel who are motivated by, and contribute materially to, our mission to put quantum into the hands of humanity.

Continued motivation and retention of these key personnel is achieved through notable personal and technological advancement achievements, a culture of progression, and remuneration and benefits packages which are regularly reviewed and are designed to be competitive with other companies in the same industry.

Supply chain

Our operations rely on a relatively small number of key suppliers, notably for the provision of cryogenic systems. Failure by one or more of these suppliers to provide their goods and services on a timely basis to an appropriate standard could impact our ability to provide services and technological advancements.

The Group has built strong, strategic partnerships with key suppliers. Diversification of supply chain and consideration of alternative components is considered when selecting products and services. The capabilities and financial strength of new key suppliers are reviewed and ongoing audits of suppliers are performed to ensure they are delivering products and services at the required level of quality and to assess the risk of supplier failure.

**OXFORD QUANTUM CIRCUITS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

Financial instruments and financial risk management

The Directors consider that the Group's key financial instruments comprise cash and bank deposits and trade receivables and payables that arise directly from operations.

Financial risk management is necessary to ensure the success of future operations whilst protecting against potential losses resulting from changing market conditions. The principal risks facing the Group are credit risk, interest rate risk, cash flow and liquidity risk.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents and trade and other receivables.

Cash investments are permitted only with major financial institutions that satisfy specific criteria with the credit risk of liquid funds limited with the majority of cash balances held in AAA rated investment funds. The directors carry out a review of banking arrangements in accordance with the treasury policy.

Interest rate risk

The Group holds cash on fixed and floating rate deposits. Changes in the interest rates would impact finance income earned on floating rate deposits.

Cash flow / liquidity risk

The Group's objective is to maintain sufficient levels of immediately available cash to meet its liquidity requirements for 30-day periods at a minimum. The Group manages liquidity risk by regularly monitoring forecasts and actual cash flows in the long and short term, and considering cash flow sensitivities as appropriate.

This report was approved by the board and signed on its behalf by:


Nicholas Dixon-Clegg

Director
Date: 29 May 2025

**OXFORD QUANTUM CIRCUITS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

Introduction

The Directors present their report and the audited financial statements for the year ended 30 June 2024. The principal activity of the Company and the Group is the delivery of enterprise-ready quantum solutions that will empower humanity with quantum capabilities.

Qualifying third party indemnity provisions

The Group and the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development activities

The Company is committed to research and development activities in order to secure the continued growth of the Company and the Group and to maintain its position in its market place. Research and development expenditure of £258,876 (2023: £198,481) was charged to the Statement of Comprehensive Income during the year. In addition £12,625,823 (2023: £15,980,444) of Research and development expenditure was capitalised during the year.

Proposed dividend

The directors do not recommend the payment of a dividend (2023 - £nil).

Events after the reporting period

The Group has received funding of £6.2 million in July 2024 and £2.4 million in October 2024 by issue of its equity shares.

Matters covered in the Strategic Report

Disclosure of the Group and the Company's review of business, going concern, future developments and the Group's financial risk management objectives and policies are included in the Strategic Report.

Directors and their interests

The directors who held office during the year and to the date of this report were as follows:

- Nicholas Dixon-Clegg (appointed on 28 June 2024)
- Kayo Chin
- Peter Lutz George
- George Frederick Cecil Mills
- Gerald Thomas Mullally (appointed on 12 June 2024)
- Tomoyuki Nii (appointed on 12 January 2024)
- Dr Ilana Sarah Wisby resigned on 24 May 2024
- James Graham resigned on 28 June 2024
- Jack Byron Boyer appointed on 15 April 2025
- Sir Jeremy Ian Fleming appointed on 12 May 2025

Independent Auditor

The auditor, Grant Thornton UK LLP, was appointed during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Nicholas Dixon-Clegg

Director

Date: 29 May 2025

**OXFORD QUANTUM CIRCUITS LIMITED
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2024**

The Directors are responsible for preparing the Strategic Report and Directors' 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 Group financial statements in accordance with UK-adopted international accounting standards ("IFRS") and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each of the directors is aware there is no relevant audit information of which the Group and the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group and the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf by:



Nicholas Dixon-Clegg

Director

Date: 29 May 2025

OXFORD QUANTUM CIRCUITS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD QUANTUM CIRCUITS LIMITED**

Opinion

We have audited the financial statements of Oxford Quantum Circuits Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company's statement of financial position, the consolidated statement of changes in equity, the company's statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 June 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group and the parent 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 are responsible for concluding 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 group's and the parent 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

OXFORD QUANTUM CIRCUITS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD QUANTUM CIRCUITS LIMITED**

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and consolidated financial statements. 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.

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 themselves. 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 year 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

- 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.

OXFORD QUANTUM CIRCUITS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD QUANTUM CIRCUITS LIMITED**

Responsibilities of directors

As explained more fully in the directors' report set out on page 7, 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group, identifying the most significant as the reporting frameworks (IFRS and the Companies Act 2006) and the tax compliance regulations relevant to the jurisdictions in which the group operates. We understood how the group is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through our review of board minutes.
 - We assessed the susceptibility of the group's and the parent company's financial statements to material misstatements, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included: Identifying and assessing the design effectiveness of the processes and controls which management have in place to prevent and detect fraud;
 - Challenging assumptions and judgments made by management in its significant accounting estimates.
 - Identifying and testing journal entries and any postings to revenue which were regarded as unusual or unexpected or recognised in the wrong period and identifying and testing related party transactions;
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statements item;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation.
 - Knowledge of the industry in which the group operates.
 - Understanding of the requirements of IFRS in conformity with the requirements of the Companies Act 2006 and the application of the legal and regulatory requirements of the group.

OXFORD QUANTUM CIRCUITS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD QUANTUM CIRCUITS LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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..

Grant Thornton UK LLP

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
29 May 2025

OXFORD QUANTUM CIRCUITS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

| | Note | Year ended 30 June 2024 £ | Year ended 30 June 2023 £ |
|--|------|---------------------------------|---------------------------------|
| Revenue | 3 | 4,749,918 | 807,797 |
| Cost of sales | | (1,058,564) | - |
| Gross profit | | 3,691,354 | 807,797 |
| Sales and marketing and general administrative expenses | | (18,391,800) | (10,821,414) |
| Operating loss | 4 | (14,700,446) | (10,013,617) |
| Finance income | 5 | 399,145 | 68,847 |
| Finance costs | 6 | (160,178) | (172,625) |
| Loss before taxation | | (14,461,479) | (10,117,395) |
| Taxation credit | 9 | 3,783,583 | 4,557,842 |
| Loss for the year | | (10,677,896) | (5,559,553) |
| Other comprehensive income/(loss) | | | |
| Items that will be reclassified subsequently to profit or loss | | | |
| Movement in currency translation reserve | | 126,889 | (502,637) |
| Total comprehensive loss | | (10,551,007) | (6,062,190) |

All amounts relate to continuing operations.

The accompanying notes on pages 20 to 58 are an integral part of these financial statements.

OXFORD QUANTUM CIRCUITS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

| | Note | 30 June 2024 £ | 30 June 2023 £ | 1 July 2022 £ |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 10 | 2,523,660 | 2,374,420 | 1,738,225 |
| Intangible assets | 11 | 20,766,518 | 17,184,452 | 6,218,100 |
| Right of use assets | 12 | 2,159,515 | 2,994,604 | - |
| Total non-current assets | | 25,449,693 | 22,553,476 | 7,956,325 |
| Current assets | | | | |
| Trade and other receivables | 14 | 5,379,300 | 7,089,644 | 2,413,583 |
| Cash and cash equivalents | 15 | 24,810,336 | 7,587,669 | 27,772,848 |
| Total current assets | | 30,189,636 | 14,677,313 | 30,186,431 |
| Total assets | | 55,639,329 | 37,230,789 | 38,142,756 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 19 | 1,500 | 1,114 | 1,100 |
| Share premium account | 19 | 68,648,348 | 41,602,990 | 40,823,001 |
| Foreign currency translation reserve | 20 | (375,748) | (502,637) | - |
| Retained earnings | 20 | (18,390,997) | (9,145,897) | (4,643,849) |
| Total equity | | 49,883,103 | 31,955,570 | 36,180,252 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Lease liabilities | 18 | 1,482,553 | 2,381,256 | - |
| Loans and borrowings | 17 | - | 101,360 | 322,035 |
| Total non-current liabilities | | 1,482,553 | 2,482,616 | 322,035 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 3,374,970 | 1,966,673 | 1,640,469 |
| Lease liabilities | 18 | 898,703 | 825,930 | - |
| Total current liabilities | | 4,273,673 | 2,792,603 | 1,640,469 |
| Total liabilities | | 5,756,226 | 5,275,219 | 1,962,504 |
| Total equity and liabilities | | 55,639,329 | 37,230,789 | 38,142,756 |

OXFORD QUANTUM CIRCUITS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

The accompanying notes on pages 20 to 58 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 May 2025 and were signed on its behalf by:



Nicholas Dixon-Clegg

Director

OXFORD QUANTUM CIRCUITS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

| | Note | 30 June 2024 £ | 30 June 2023 £ | 1 July 2022 £ |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 10 | 2,228,137 | 2,362,150 | 1,738,225 |
| Intangible assets | 11 | 20,766,518 | 17,184,452 | 6,218,100 |
| Right of use assets | 12 | 350,257 | 655,806 | - |
| Investments | 13 | 61,397 | 61,345 | - |
| Trade and other receivables | 14 | 4,696 | 1,930,643 | - |
| Total non-current assets | | 23,411,005 | 22,194,396 | 7,956,325 |
| Current assets | | | | |
| Trade and other receivables | 14 | 5,122,578 | 6,967,591 | 2,413,583 |
| Cash and cash equivalents | 15 | 24,518,812 | 7,585,025 | 27,772,848 |
| Total current assets | | 29,641,390 | 14,552,616 | 30,186,431 |
| Total assets | | 53,052,395 | 36,747,012 | 38,142,756 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 19 | 1,500 | 1,114 | 1,100 |
| Share premium account | 19 | 68,648,348 | 41,602,990 | 40,823,001 |
| Retained earnings | 20 | (19,279,582) | (7,410,778) | (4,643,849) |
| Total equity | | 49,370,266 | 34,193,326 | 36,180,252 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Lease liabilities | 18 | 37,695 | 402,637 | - |
| Loans and borrowings | 17 | - | 101,360 | 322,035 |
| Total non-current liabilities | | 37,695 | 503,997 | 322,035 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 3,279,493 | 1,722,459 | 1,640,469 |
| Lease liabilities | 18 | 364,941 | 327,230 | - |
| Total current liabilities | | 3,644,434 | 2,049,689 | 1,640,469 |
| Total liabilities | | 3,682,129 | 2,553,686 | 1,962,504 |
| Total equity and liabilities | | 53,052,395 | 36,747,012 | 38,142,756 |

OXFORD QUANTUM CIRCUITS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

The accompanying notes on pages 20 to 58 are an integral part of these financial statements.

The loss for the parent company, Oxford Quantum Circuits Limited, for the year was £13,301,600 (2023: loss of £3,824,434). As permitted by section 408 of the Companies Act 2006, no separate Statement of Profit and Loss is presented in respect of the Company. All amounts relate to continuing operations.

The financial statements were approved by the board of directors and authorised for issue on 29 May 2025 and were signed on its behalf by:

Nicholas Dixon-Clegg



Director

OXFORD QUANTUM CIRCUITS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

| | Share capital | Share premium account | Retained earnings | Foreign currency translation reserve | Total |
|--|------------------|-----------------------------|----------------------|---|--------------------|
| Balance 1 July 2022 | 1,100 | 40,823,001 | (4,643,849) | - | 36,180,252 |
| Transactions with owners | | | | | |
| Share capital issued | 14 | 779,989 | - | - | 780,003 |
| Total transactions with owners | 14 | 779,989 | - | - | 780,003 |
| Loss for the year | - | - | (5,559,553) | - | (5,559,553) |
| Share based payment charge | - | - | 1,057,505 | - | 1,057,505 |
| Other comprehensive loss for the year | - | - | - | (502,637) | (502,637) |
| Total comprehensive loss for the year | - | - | (4,502,048) | (502,637) | (5,004,685) |
| Balance 30 June 2023 | 1,114 | 41,602,990 | (9,145,897) | (502,637) | 31,955,570 |
| Balance 1 July 2023 | 1,114 | 41,602,990 | (9,145,897) | (502,637) | 31,955,570 |
| Transactions with owners | | | | | |
| Share capital issued | 386 | 26,677,739 | - | - | 26,678,125 |
| Total transactions with owners | 386 | 26,677,739 | - | - | 26,678,125 |
| Prior year adjustments | - | 367,619 | (367,619) | - | - |
| Loss for the year | - | - | (10,677,896) | - | (10,677,896) |
| Share based payment charge | - | - | 1,800,415 | - | 1,800,415 |
| Other comprehensive income for the year | - | - | - | 126,889 | 126,889 |
| Total comprehensive loss for the year | - | 367,619 | (9,245,100) | 126,889 | (8,750,592) |
| Balance 30 June 2024 | 1,500 | 68,648,348 | (18,390,997) | (375,748) | 49,883,103 |

The accompanying notes form an integral part of the financial statements.

OXFORD QUANTUM CIRCUITS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

| | Share capital | Share premium account | Retained earnings | Total |
|--|------------------|-----------------------------|----------------------|---------------------|
| Balance 1 July 2022 | 1,100 | 40,823,001 | (4,643,849) | 36,180,252 |
| Transactions with owners | | | | |
| Share capital issued | 14 | 779,989 | - | 780,003 |
| Total transactions with owners | 14 | 779,989 | - | 780,003 |
| Loss for the year | - | - | (3,824,434) | (3,824,434) |
| Share based payment charge | - | - | 1,057,505 | 1,057,505 |
| Total comprehensive loss for the year | - | - | (2,766,929) | (2,766,929) |
| Balance 30 June 2023 | 1,114 | 41,602,990 | (7,410,778) | 34,193,326 |
| Balance 1 July 2023 | 1,114 | 41,602,990 | (7,410,778) | 34,193,326 |
| Transactions with owners | | | | |
| Share capital issued | 386 | 26,677,739 | - | 26,678,125 |
| Total transactions with owners | 386 | 26,677,739 | - | 26,678,125 |
| Prior year adjustments | - | 367,619 | (367,619) | - |
| Loss for the year | - | - | (13,301,600) | (13,301,600) |
| Share based payment charge | - | - | 1,800,415 | 1,800,415 |
| Total comprehensive loss for the year | - | 367,619 | (11,868,804) | (11,501,185) |
| Balance 30 June 2024 | 1,500 | 68,648,348 | (19,279,582) | 49,370,266 |

The accompanying notes form an integral part of the financial statements.

OXFORD QUANTUM CIRCUITS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

| | Year ended 30 June 2024 | Year ended 30 June 2023 |
|--|----------------------------|-------------------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Loss before taxation | (14,461,479) | (10,117,395) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 996,401 | 616,716 |
| Amortisation of right of use assets | 835,089 | 569,741 |
| Amortisation of intangible assets | 9,043,757 | 5,014,092 |
| Capitalisation of research and development cost | (12,625,823) | (15,980,444) |
| Foreign currency exchange loss/(gain) | 415,113 | (498,974) |
| Share based payment expense | 1,800,415 | 1,057,505 |
| Interest income | (399,145) | (68,847) |
| Interest expense | 160,178 | 172,625 |
| Decrease/(increase) in trade receivables and other receivables | 1,322,505 | (1,760,798) |
| Increase in trade payables and other payables | 1,408,297 | 326,205 |
| Corporation tax credit reclaimed | 4,171,422 | 1,642,579 |
| | (7,333,270) | (19,026,995) |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (1,145,641) | (1,252,911) |
| Interest received | 399,145 | 68,847 |
| Net cash used in investing activities | (746,496) | (1,184,064) |
| Cash flows from financing activities | | |
| Repayment of loan and borrowing | (101,360) | (220,675) |
| Proceeds from issue of shares | 26,678,125 | 780,003 |
| Repayment of principal of lease liability | (825,930) | (357,160) |
| Repayment of interest on lease liability | (137,930) | (122,682) |
| Other interest paid | (22,248) | (49,942) |
| Net cash generated in financing activities | 25,590,657 | 29,544 |
| Net increase (decrease) in cash and cash equivalents | 17,510,891 | (20,181,515) |
| Cash and cash equivalents at beginning of year | 7,587,669 | 27,772,848 |
| Exchange differences on cash and cash equivalents | (288,224) | (3,664) |
| Cash and cash equivalents at end of year | 24,810,336 | 7,587,669 |

The accompanying notes form an integral part of the financial statements.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

1. General information

Oxford Quantum Circuits Limited is a private company limited by shares incorporated in England and Wales. The registered office is Thames Valley Science Park, 1 Collegiate Square, South Ave, Reading, RG2 9LH.

The Group and the Company's principal activity is the delivery of enterprise-ready quantum solutions that will empower humanity with quantum capabilities, paving the way for a brighter future.

2. Accounting policies**2.1 Summary of significant accounting policies and key accounting estimates**

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

2.2 Statement of compliance

These financial statements are the consolidated financial statements for the Group and the individual financial statements of the parent company.

The consolidated financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("IFRS") and in compliance with the Companies Act 2006.

2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with IFRS and the Companies Act 2006.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group and Company's accounting policies (see Note 3).

The Company financial statements have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The Company has taken exemption from presenting its unconsolidated profit and loss account under section 408 of Companies Act, 2006.

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payment

The following principal accounting policies have been applied.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.4 First-time adoption of IFRS

In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 July 2022, the Group's transition date to IFRS. Adjustments recognised on transition to IFRS are set out in note 26.

IFRS 1- First-Time Adoption of IFRS grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been taken in these financial statements:

Leases

The Group assessed all contracts existing at 1 July 2022 to determine whether a contract contains a lease based upon the conditions in place as at 1 July 2022.

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2022.

The Group has also applied the following exemptions:

- the lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS have been recognised as an expense on a straight-line basis over the lease term
- a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics
- initial direct costs have been excluded from the measurement of the right-of-use asset; and
- hindsight has been used in determining the lease term.

Revenue from contracts with customers

The Group has applied the following exemptions and practical expedients on transition.

For completed contracts, the Group has not restated contracts that:

- begin and end within the same annual reporting period; or
- are completed contracts at the beginning of the earliest period presented.

For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

For contracts that were modified before the beginning of the earliest period presented, the Group has not retrospectively restated the contract for those contract modifications. The Group has reflected the aggregate effect of all of the modifications that occurred before the beginning of the earliest period presented when:

- identifying the satisfied and unsatisfied performance obligations;
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

For all reporting periods presented before the date of initial application, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations or an explanation of when the Group expects to recognise that amount as revenue.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.5 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the Company and Group will continue in operational existence for the foreseeable future.

The Directors have reviewed cash flow forecasts for a period of at least 12 months from the date of signing of the financial statements. The Group's projected income and expenses and cash flows are prepared on the basis of a detailed analysis of the company's finances, contracts and likely future demand trends through to 30 June 2026. These projections indicate that the Group and Company will continue to be able to meet its liabilities as they fall due through this period and therefore believe it is appropriate to adopt the going concern basis in preparing these financials statements.

2.6 New standards, amendments and interpretations not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group. The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

2.7 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2024. All subsidiaries have a group reporting date of 30 June.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2.8 Foreign currency**Functional and presentation currency**

The Group's functional and presentation currency is Pound Sterling (GBP) and amounts included in these financial statements are rounded to the nearest pound.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.8 Foreign currency (continued)**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the spot rate at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rates are recognised in other comprehensive income.

2.9 Revenue

Revenue is recognised when control of the goods has transferred to the customer.

Revenue from the sale of goods is recognised by following a 5-step process:

The Group's revenue is derived from the sale of goods and services. To determine whether to recognise revenue, the Group follows below 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied.

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Modifications to contracts are assessed to determine whether they represent separate contracts or modifications to existing contracts. Any adjustments to the transaction price and allocation of consideration are made in accordance with IFRS 15 - Revenue from Contracts with Customers.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income. The Group does not provide extended terms on its goods and services and therefore no significant financing components are identified by the Group for all revenue streams.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.9 Revenue (continued)**Contract balances***Contract assets / receivables*

A contract asset is initially recognised for revenue earned from services in advance of an invoice being issued where the Group does not have an enforceable right to payment for work performed. Where the Group does have an enforceable right for payment for work performed, unbilled revenue is recognised as other contract receivables. Upon the issuance of an invoice, the amount recognised is reclassified to trade receivables.

Trade and other receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees or costs directly attributable to the acquisition or issue of the trade receivable.

The Group assesses at each reporting date whether there is objective evidence that a trade receivable is impaired. Impairment losses are recognised in profit or loss and measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted at the original effective interest rate.

Trade receivables are derecognised when the rights to receive cash flows from the receivables have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Any gain or loss arising from derecognition is recognised in profit or loss.

Trade receivables are aged based on the length of time since the invoice date. The aging analysis provides information on the credit quality of the receivables and assists in determining the need for impairment provisions.

The following information is disclosed in the financial statements:

- The carrying amount of trade receivables at the beginning and end of the reporting period.
- An analysis of trade receivables by aging categories.
- Details of impairment losses recognised during the reporting period.
- The Group's accounting policy for trade receivables, including the criteria used to determine impairment.

The Group ensures compliance with the policy through regular reviews of trade receivables aging reports and impairment assessments. Compliance is monitored through internal controls and periodic audits. Employees involved in credit control and accounts receivable management receive training on the Group's policies and procedures regarding trade receivables to ensure accurate recording and reporting. This trade receivables note is reviewed annually to incorporate any changes in accounting standards or Group practices, ensuring continued relevance and compliance.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group delivers the contractual obligations.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.10 Finance income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.11 Government grants

Government grants are recognised as per IAS 20 at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.12 Finance cost

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and are recognised over the term of the debt.

2.13 Employee benefits*Short-term employee benefits*

Short-term employee benefits including holiday entitlement, are current liabilities included in pension and other employee obligations. measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates:

- when the Group can/no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Pensions

The pension costs charged in the financial information represent the contributions payable by the Group during the period to the defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amounts charged to the Statement of Comprehensive Income represent the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Group's liability.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.14 Income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position and any adjustment to tax payable in respect of previous periods. Any uncertain tax treatments are reviewed, documented, and communicated to the Board as appropriate. The Group's finance function monitors any uncertain items on a regular basis, working closely with the local tax advisor to understand any potential changes to the associated risk. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities are presented on the face of the Statement of Financial Position within non-current liabilities. Deferred tax assets are presented on the face of the Statement of Financial Position within non-current assets.

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

There are no significant uncertain tax positions requiring disclosure.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.15 Leases*The Group as a lessee*

The Group leases various properties. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions the lease agreements to do impose any covenant, but lease assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the dates at which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the period of the lease so as to produce a consistent periodic rate of interest on the remaining balance of liability for each period.

The right of use asset is depreciated over the shorter on the assets useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined or the Group incremental borrowing rate.

Extension and termination options

Extension and termination options are included in number of property leases across the Group, these terms are used to maximise operational flexibility in terms of managing contracts.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items such as vehicles, office space and equipment such as coffee machines. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.16 Intangible assets**(i) Separately acquired intangible assets**

Intangible assets acquired separately are measured at cost on initial recognition.

Intangible assets with a finite useful life, that are acquired separately, are carried at cost less accumulated amortisation and impairment losses.

(ii) Internally developed intangible assets

Expenditure on the research phase of projects to develop new hardware and software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the intangible asset; and
- the intangible asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs, including employee costs incurred on software developed for new products, are capitalised, as they are considered part of the cost intrinsic to the development of the product intended for sale and contributes to the future economic benefit arising from the product.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use. The estimated useful lives are as follows:

Internally developed intangible assets - 3 to 6 years

The estimated useful life and amortisation rate are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount. Any capitalised internally developed hardware or software that is not yet complete is not amortised but is subject to annual impairment testing in accordance with IAS 36.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.17 Property, plant and equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Plant and equipment - 5 years
- Office and computer equipment – 3 years
- Leasehold improvements - 5 years or over the period of the lease, if shorter

The estimated useful lives, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.18 Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

2.19 Impairment of assets*Financial assets (including trade and other receivables)*

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method, less any loss allowance.

The Group has adopted the simplified model of recognising lifetime expected credit losses ("ECL") on financial assets that are measured at amortised cost.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognised in the statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (measured at amortised cost) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial assets***Trade and other receivables/payables***

Trade and other receivables are recognised initially at transaction price, less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables are considered to be short-term, non-interest bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value. Trade payables consist of amounts payable to suppliers for goods and services in the ordinary course of business. Trade and other payables are measured at amortised cost using the effective interest method. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.21 Financial instruments (continued)*De-recognition of financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is de-recognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities and equity*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

De-recognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Comprehensive Income.

2.22 Related parties

The Group discloses transactions and balances with related parties which are not wholly owned within the same group.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.23 Share capital

Share capital issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

2.24 Share based payments

The Group operates an equity settled share based payment scheme. For equity-settled awards, the fair value of the amounts payable to staff is recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that are expected to vest.

The fair value is measured at the grant date using an appropriate valuation model (Black-Scholes), taking into account the terms and conditions upon which the instruments were granted. The fair value of options granted is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

When the terms and conditions of equity-settled share based payments at the time they were granted are subsequently modified, the fair value of the share based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grants date fair value of the original share based payment. The share based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.25 Key accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

The Group's areas involving significant estimates is as follows:

Share based payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which management has deemed to be Black Scholes. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying share, expected life of the share option, volatility and dividend yield, and making assumptions about them.

The Group's areas involving significant judgement is as follows:

Going concern

As part of the detailed going concern assessment, management perform a detailed review of forecasted cash flows supporting the impairment review of investments and fixed assets. Judgement is required in determining future cash flows, discounted to the reporting date, using an appropriate discount rate.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. Revenue

The total revenue for the Group has been derived from its principal activity.

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors.

Analysis of revenue

| | <i>Year ended</i> 30 June 2024 £ | <i>Year ended</i> 30 June 2023 £ |
|--|---|---|
| Revenue by category | | |
| Grant income | 93,005 | 669,969 |
| QCaaS | 32,858 | 100,385 |
| Deployment | 4,624,055 | 37,443 |
| | <u>4,749,918</u> | <u>807,797</u> |
| Revenue by country of destination | | |
| United Kingdom | 125,863 | 770,354 |
| Europe | 4,624,055 | 37,443 |
| | <u>4,749,918</u> | <u>807,797</u> |
| Revenue by timing of recognition | | |
| Revenue recognised at a point in time | 4,749,918 | 807,797 |
| Revenue recognised over time | - | - |
| | <u>4,749,918</u> | <u>807,797</u> |

Contract balances

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|----------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Trade receivables | - | 44,306 | - |
| Contract assets | - | 75,558 | 82,933 |
| Contract liabilities | - | - | - |

Contract assets are included within 'Trade and other receivables' on the face of the Statement of Financial Position.

Principal customers

During 2024, £4,624,055 or 97% (2023: nil) of the Group's revenues were derived from a major customer.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4. Operating loss**Group**

Operating loss is stated after charging/(crediting):

| | <i>Year ended</i> <i>30 June</i> <i>2024</i> £ | <i>Year ended</i> <i>30 June</i> <i>2023</i> £ |
|---|---|---|
| Depreciation of property, plant and equipment | 996,401 | 616,716 |
| Amortisation of right of use assets | 835,089 | 569,741 |
| Amortisation of intangible assets | 9,043,757 | 5,014,092 |
| Foreign exchange loss/(gain) | 126,889 | (502,637) |
| Share based payment expense | 1,800,415 | 1,057,505 |
| Research and development expenditure | 258,876 | 198,481 |
| Auditor's remuneration | 117,850 | 17,950 |
| Non-audit services: - | | |
| Accounting assistance services | 14,000 | 45,715 |
| Taxation and advisory services | 105,000 | 16,225 |

Company

| | <i>Year ended</i> <i>30 June</i> <i>2024</i> £ | <i>Year ended</i> <i>30 June</i> <i>2023</i> £ |
|----------------------------------|---|---|
| Auditor's remuneration | 117,850 | 17,950 |
| Non-audit services: - | | |
| Accounting assistance services | 14,000 | 45,715 |
| Taxation and advisory services | 105,000 | 16,225 |

5. Finance income

| | <i>Year ended</i> <i>30 June 2024</i> £ | <i>Year ended</i> <i>30 June 2023</i> £ |
|---------------------|---|---|
| Interest receivable | 399,145 | 68,847 |

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6. Finance costs

| | <i>Year ended 30 June 2024</i> | <i>Year ended 30 June 2023</i> |
|----------------------------------|------------------------------------|------------------------------------|
| | £ | £ |
| Interest on loans and borrowings | 22,248 | 49,943 |
| Interest on lease liability | 137,930 | 122,682 |
| | 160,178 | 172,625 |

7. Employment costs

| | <i>Year ended 30 June 2024</i> | <i>Year ended 30 June 2023</i> |
|------------------------------------|------------------------------------|------------------------------------|
| <i>Average number of employees</i> | 102 | 79 |

| | <i>Year ended 30 June 2024</i> | <i>Year ended 30 June 2023</i> |
|-----------------------------|------------------------------------|------------------------------------|
| | £ | £ |
| Wages and salaries | 6,632,443 | 4,674,294 |
| Social security costs | 775,939 | 468,755 |
| Pension costs | 114,846 | 82,467 |
| Share based payment expense | 1,800,415 | 1,057,505 |
| | 9,323,643 | 6,283,021 |

The Group's Directors are recognised as key management personnel and are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the parent Company. The total remuneration for the key management personnel during the year (including employer-based contributions) was £1,251,971 (2023: £3,110,652)

8. Directors' remuneration

| | <i>Year ended 30 June 2024</i> | <i>Year ended 30 June 2023</i> |
|-----------------------------|------------------------------------|------------------------------------|
| | £ | £ |
| Remuneration | 446,333 | 202,550 |
| Pension costs | 3,743 | 1,321 |
| Loss of office | 94,500 | - |
| Share based payment expense | 707,395 | 2,906,781 |
| | 1,251,971 | 3,110,652 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8. Directors' remuneration (continued)

Highest paid director

The highest paid director's emoluments were as follows:

| | <i>Year ended</i> 30 June 2024 | <i>Year ended</i> 30 June 2023 |
|--|-----------------------------------|-----------------------------------|
| | £ | £ |
| Total emoluments | 275,028 | 202,550 |
| Group pension contributions to defined contribution scheme | 1,211 | - |
| Loss of office | 94,500 | - |
| | <u>370,739</u> | <u>202,550</u> |

9. Taxation

| | <i>Year ended</i> 30 June 2024 | <i>Year ended</i> 30 June 2023 |
|--------------------------------|-----------------------------------|-----------------------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax credit | <u>3,783,583</u> | <u>4,557,842</u> |
| Deferred tax: | | |
| Current year credit | - | - |
| Effect of changes in tax rates | - | - |
| | <u>3,783,583</u> | <u>4,557,842</u> |

Taxation credit for the year

The charge for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

| | <i>Year ended</i> 30 June 2024 | <i>Year ended</i> 30 June 2023 |
|--|-----------------------------------|-----------------------------------|
| | £ | £ |
| Loss before taxation | 14,461,479 | 10,117,395 |
| Corporation tax at 25% (2023: 20.50%) | 3,615,370 | 2,074,066 |
| Effect of: | | |
| Fixed asset differences | 1,195,964 | 30,406 |
| Additional deduction for R&D expenditure | 3,016,205 | 4,277,039 |
| Surrender of tax losses for R&D tax credit refund | (2,739,836) | (2,180,417) |
| Expenses not deductible for tax purposes | (570,955) | (277,070) |
| Remeasurement of deferred tax for changes in tax rates | - | 136,379 |
| Movement in deferred tax not recognised | (1,029,226) | 756,969 |
| Others | 296,061 | (259,530) |
| Taxation credit for the year | <u>3,783,583</u> | <u>4,557,842</u> |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9. Taxation (continued)

As at 30 June 2024 there existed a potential net deferred tax asset of £973,562 (2023: £2,002,788), comprising an asset of £7,221,607 (2023: £2,418,022) in respect of unrelieved trading losses and a liability of £6,248,045 (2023: £415,234) in respect of accelerated capital allowances. This has not been reflected as an asset given the uncertainty of future revenue streams and as the Group is committed to significant continued investment in research and development.

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

10. Property, plant and equipment

Group

| | Leasehold improvements | Plant and equipment | Office & computer equipment | Total |
|-----------------------|---------------------------|------------------------|-----------------------------------|-----------|
| | £ | £ | £ | £ |
| Balance 1 July 2022 | 465,416 | 1,698,745 | 131,013 | 2,295,174 |
| Additions | 409,856 | 657,856 | 185,199 | 1,252,911 |
| Balance 30 June 2023 | 875,272 | 2,356,601 | 316,212 | 3,548,085 |
| Additions | 590,060 | 453,601 | 101,980 | 1,145,641 |
| Balance 30 June 2024 | 1,465,332 | 2,810,202 | 418,192 | 4,693,726 |
| Depreciation | | | | |
| Balance 1 July 2022 | 145,803 | 361,842 | 49,304 | 556,949 |
| Charge for the year | 165,563 | 377,381 | 73,772 | 616,716 |
| Balance 30 June 2023 | 311,366 | 739,223 | 123,076 | 1,173,665 |
| Charge for the year | 359,735 | 529,575 | 107,091 | 996,401 |
| Balance 30 June 2024 | 671,101 | 1,268,798 | 230,167 | 2,170,066 |
| Net book value | | | | |
| At 1 July 2022 | 319,613 | 1,336,903 | 81,709 | 1,738,225 |
| At 30 June 2023 | 563,906 | 1,617,378 | 193,136 | 2,374,420 |
| At 30 June 2024 | 794,231 | 1,541,404 | 188,025 | 2,523,660 |

The depreciation expense is included in sales and marketing and general administrative expenses in the Consolidated Statement of Comprehensive Income.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10. Property, plant and equipment (continued)**Company**

| | Leasehold improvements £ | Plant and equipment £ | Office & computer equipment £ | Total £ |
|-----------------------------|--------------------------------|-----------------------------|--|------------------|
| Balance 1 July 2022 | 465,416 | 1,698,745 | 131,013 | 2,295,174 |
| Additions | 397,783 | 657,856 | 184,984 | 1,240,623 |
| Balance 30 June 2023 | 863,199 | 2,356,601 | 315,997 | 3,535,797 |
| Additions | 223,995 | 453,601 | 99,585 | 777,181 |
| Balance 30 June 2024 | 1,087,194 | 2,810,202 | 415,582 | 4,312,978 |
| Depreciation | | | | |
| Balance 1 July 2022 | 145,803 | 361,842 | 49,304 | 556,949 |
| Charge for the year | 165,563 | 377,381 | 73,754 | 616,698 |
| Balance 30 June 2023 | 311,366 | 739,223 | 123,058 | 1,173,647 |
| Charge for the year | 274,636 | 529,575 | 106,983 | 911,194 |
| Balance 30 June 2024 | 586,002 | 1,268,798 | 230,041 | 2,084,841 |
| Net book value | | | | |
| At 1 July 2022 | 319,613 | 1,336,903 | 81,709 | 1,738,225 |
| At 30 June 2023 | 551,833 | 1,617,378 | 192,939 | 2,362,150 |
| At 30 June 2024 | 501,192 | 1,541,404 | 185,541 | 2,228,137 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. Intangible assets

Set out below are the carrying amounts of the internally developed intangible assets and their movements over the period.

| | Group | Company |
|-----------------------------|--|---|
| | Internally developed intangible assets £ | Internally developed intangible assets £ |
| Cost | | |
| Balance 1 July 2022 | 9,341,970 | 9,341,970 |
| Additions | 15,980,444 | 15,980,444 |
| Balance 30 June 2023 | 25,322,414 | 25,322,414 |
| Additions | 12,625,823 | 12,625,823 |
| Balance 30 June 2024 | 37,948,237 | 37,948,237 |
| Depreciation | | |
| Balance 1 July 2022 | 3,123,870 | 3,123,870 |
| Charge for the year | 5,014,092 | 5,014,092 |
| Balance 30 June 2023 | 8,137,962 | 8,137,962 |
| Charge for the year | 9,043,757 | 9,043,757 |
| Balance 30 June 2024 | 17,181,719 | 17,181,719 |
| Net book value | | |
| At 1 July 2022 | 6,218,100 | 6,218,100 |
| At 30 June 2023 | 17,184,452 | 17,184,452 |
| At 30 June 2024 | 20,766,518 | 20,766,518 |

Amortisation of intangible assets is included in sales and marketing and general administrative expenses in the Consolidated Statement of Comprehensive Income.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. Right of use assets

Set out below are the carrying amounts of the right of use assets and their movements over the period.

Further details in respect of lease liabilities are disclosed in note 18.

| | Group | Company |
|---------------------|-------------------------|-----------------------|
| | £ | £ |
| 1 July 2022 | - | - |
| Additions | 3,564,345 | 916,649 |
| Amortisation | (569,741) | (260,843) |
| 30 June 2023 | <u>2,994,604</u> | <u>655,806</u> |
| Additions | - | - |
| Amortisation | (835,089) | (305,549) |
| 30 June 2024 | <u>2,159,515</u> | <u>350,257</u> |

13. Investments in subsidiary companies

| Company's shares in group undertakings and participating interests | Company |
|--|----------------------|
| | £ |
| At 1 July 2022 | - |
| Additions | 61,345 |
| At 30 June 2023 | <u>61,345</u> |
| Additions | 52 |
| At 30 June 2024 | <u>61,397</u> |

Investment in subsidiaries are recognised at cost and subsequently measured at cost less impairment.

The subsidiaries do not carry out any trading activities.

Additions in investments were in respect of subsidiaries which were incorporated, therefore no goodwill arises on consolidation.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

13. Investments in subsidiary companies (continued)

| Name of subsidiary | Country | Date of incorporation | Class of shares held | % Holding |
|-----------------------------|----------------|------------------------------|-----------------------------|------------------|
| OQC KK | Japan | 1 March 2023 | Ordinary | 100 |
| Oxford Quantum Circuits SLU | Spain | 30 June 2023 | Ordinary | 100 |
| OQC Pty | Australia | 30 June 2024 | Ordinary | 100 |

Registered office addresses:

Japan - 4-3-9 Nihonbashi Muromachi Chu-ku Tokyo AV

Spain –Doctor Arce 14 28002 Madrid

Australia – Suite 7, Level 7, 330 Collins Street, Melbourne, VIC 3000.

14. Trade and other receivables**Group**

| | <i>As at 30 June 2024 £</i> | <i>As at 30 June 2023 £</i> | <i>As at 1 July 2022 £</i> |
|--------------------------------|---|---|--|
| Trade receivables | - | 44,306 | - |
| Expected credit loss allowance | - | - | - |
| Net trade receivables | - | 44,306 | - |
| Other receivables | 1,219,273 | 2,497,472 | 780,980 |
| Corporation tax recoverable | 4,160,027 | 4,547,866 | 1,632,603 |
| | 5,379,300 | 7,089,644 | 2,413,583 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. Trade and other receivables (continued)

Company

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Trade receivables | - | 44,306 | - |
| Expected credit loss allowance | - | - | - |
| Net trade receivables | - | 44,306 | - |
| Amounts owed by Group undertakings | 4,696 | 1,930,643 | - |
| Other receivables | 962,551 | 2,375,419 | 780,980 |
| Corporation tax recoverable | 4,160,027 | 4,547,866 | 1,632,603 |
| | 5,127,274 | 8,898,234 | 2,413,583 |
| Due within one year | 5,122,578 | 6,967,591 | 2,413,583 |
| Due after one year | 4,696 | 1,930,643 | - |
| | 5,127,274 | 8,898,234 | 2,413,583 |

The amounts owed by Group undertakings is unsecured and repayable upon demand and does not attract any interest charges. During 2024, intercompany receivable impaired of £4,936,099 (2023 and 2022: Nil).

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit loss experienced over the three-year period prior to each period end. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors. Trade receivables include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

The expected credit loss provision for trade receivables as determined under the requirements of IFRS 9, is immaterial as at 30 June 2024, 30 June 2023 and 1 June 2022. Any movement in expected credit loss provision is included in administrative expenses in the Statement of Comprehensive Income.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15. Cash and cash equivalents

Group

| | <i>As at 30 June 2024 £</i> | <i>As at 30 June 2023 £</i> | <i>As at 1 July 2022 £</i> |
|---------------------------|---|---|--|
| Cash and cash equivalents | 24,810,336 | 7,587,669 | 27,772,848 |

Company

| | <i>As at 30 June 2024 £</i> | <i>As at 30 June 2023 £</i> | <i>As at 1 July 2022 £</i> |
|---------------------------|---|---|--|
| Cash and cash equivalents | 24,518,812 | 7,585,025 | 27,772,848 |

Cash and cash equivalents comprise cash at bank and cash in hand.

16. Trade and other payables

Group

| | <i>As at 30 June 2024 £</i> | <i>As at 30 June 2023 £</i> | <i>As at 1 July 2022 £</i> |
|------------------------------------|---|---|--|
| Trade payables | 1,721,575 | 1,429,245 | 816,949 |
| Other payables | 1,411,546 | 343,250 | 726,346 |
| Other taxation and social security | 241,849 | 194,178 | 97,174 |
| | 3,374,970 | 1,966,673 | 1,640,469 |

Company

| | <i>As at 30 June 2024 £</i> | <i>As at 30 June 2023 £</i> | <i>As at 1 July 2022 £</i> |
|------------------------------------|---|---|--|
| Trade payables | 1,646,152 | 1,193,898 | 816,949 |
| Other payables | 1,391,491 | 334,383 | 726,346 |
| Other taxation and social security | 241,850 | 194,178 | 97,174 |
| | 3,279,493 | 1,722,459 | 1,640,469 |

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. Loan and borrowings

Group

| | <i>As at</i> <i>30 June</i> <i>2024</i> £ | <i>As at</i> <i>30 June</i> <i>2023</i> £ | <i>As at</i> <i>1 July</i> <i>2022</i> £ |
|----------------|--|--|---|
| Other payables | - | 101,360 | 322,035 |

Company

| | <i>As at</i> <i>30 June</i> <i>2024</i> £ | <i>As at</i> <i>30 June</i> <i>2023</i> £ | <i>As at</i> <i>1 July</i> <i>2022</i> £ |
|----------------|--|--|---|
| Other payables | - | 101,360 | 322,035 |

18. Lease liabilities

Lease liability reconciliation:

| | Group £ | Company £ |
|------------------------|------------------|----------------|
| 1 July 2022 | - | - |
| Additions | 3,564,346 | 916,650 |
| Interest expense | 122,682 | 65,033 |
| Lease capital payment | (357,160) | (186,783) |
| Lease interest payment | (122,682) | (65,033) |
| 30 June 2023 | 3,207,186 | 729,867 |
| 1 July 2024 | 3,207,186 | 729,867 |
| Additions | - | - |
| Interest expense | 137,930 | 52,162 |
| Lease capital payment | (825,930) | (327,231) |
| Lease interest payment | (137,930) | (52,162) |
| 30 June 2024 | 2,381,256 | 402,636 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

18. Lease liabilities (continued)

Group

The maturity analysis of lease liabilities is:

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|----------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Less than one year | 898,703 | 825,930 | - |
| Between one and five years | 1,482,553 | 2,381,256 | - |
| Over five years | - | - | - |
| | 2,381,256 | 3,207,186 | - |

Company

The maturity analysis of lease liabilities is:

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|----------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Less than one year | 364,941 | 327,230 | - |
| Between one and five years | 37,695 | 402,637 | - |
| Over five years | - | - | - |
| | 402,636 | 729,867 | - |

19. Share capital

| Ordinary share capital | <i>As at</i> 30 June 2024 | | <i>As at</i> 30 June 2023 | | <i>As at</i> 01 July 2022 | |
|------------------------|------------------------------|--------------|------------------------------|--------------|------------------------------|--------------|
| | Number | £ | Number | £ | Number | £ |
| Ordinary of 0.01p each | 2,788,481 | 279 | 2,616,121 | 262 | 2,616,121 | 262 |
| A1 of 0.01p each | 4,046,995 | 405 | 4,046,995 | 405 | 4,046,995 | 405 |
| A2 of 0.01p each | 4,146,091 | 415 | 4,146,091 | 415 | 4,009,446 | 401 |
| A3 of 0.01p each | 321,824 | 32 | 321,824 | 32 | 321,824 | 32 |
| B1 of 0.01p each | 3,669,793 | 367 | - | - | - | - |
| B2 of 0.01p each | 24,105 | 2 | - | - | - | - |
| | 14,997,289 | 1,500 | 11,131,031 | 1,114 | 10,994,386 | 1,100 |

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

19. Share capital (continued)

Subject to the Company's articles of association, the Ordinary, Series A1, A2, A3, B1, and B2 shares shall rank *pari passu* in all respects, except in asset distribution upon liquidation or capital return (excluding conversion, redemption, or purchase) where the surplus will be distributed in the order of preference as determined in the Company's articles of association.

During 2023, the Company issued 136,645 A2 ordinary shares of 0.01p each at an issue price of £6.36 per ordinary share.

During 2024, the Company issued 172,360 Ordinary shares of 0.01p each at an issue price of £0.17 per ordinary share.

During 2024, the Company issued 3,669,793 B1 ordinary shares of 0.01p each at an issue price of £7.21 per ordinary share.

During 2024, the Company issued 24,105 B2 ordinary shares of 0.01p each at an issue price of £7.21 per ordinary share.

20. Reserves**(a) Share capital account**

Share capital represents the nominal value of share capital subscribed for.

(b) Share premium account

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

(c) Retained earnings

This reserve represents the total of all current and prior retained earnings net of distributions to owners.

(d) Foreign currency translation reserve

This reserve is used to recognise the foreign currency translation adjustments on the translation of an entity's net investment in a foreign operation.

21. Financial instruments and financial risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Capital management

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

21. Financial instruments and financial risk management (continued)
Financial assets

Financial assets measured at amortised cost comprise cash and cash equivalents, trade receivables, other receivables and amounts owed by Group undertakings as follows:

Group

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|---------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Trade receivables | - | 44,306 | - |
| Cash and cash equivalents | 24,810,336 | 7,587,669 | 27,772,848 |
| | 24,810,336 | 7,631,975 | 27,772,848 |

Company

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Trade receivables | - | 44,306 | - |
| Amounts owed by Group undertakings | 4,696 | 1,930,643 | - |
| Cash and cash equivalents | 24,518,812 | 7,585,025 | 27,772,848 |
| | 24,523,508 | 9,559,974 | 27,772,848 |

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities:

Group

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Current | | | |
| Trade payables and other payables | 3,133,121 | 1,772,495 | 1,543,295 |
| Lease liability | 898,703 | 825,930 | - |
| | 4,031,824 | 2,598,425 | 1,543,295 |
| | | | |
| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
| Non-Current | | | |
| Loans and borrowings | - | 101,360 | 322,035 |
| Lease liability | 1,482,553 | 2,381,256 | - |
| | 1,482,553 | 2,482,616 | 322,035 |

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

21. Financial instruments and financial risk management (continued)

| Company | <i>As at</i> <i>30 June 2024</i> | <i>As at</i> <i>30 June 2023</i> | <i>As at</i> <i>1 July 2022</i> |
|-----------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| | £ | £ | £ |
| Current | | | |
| Trade payables and other payables | 3,037,643 | 1,528,281 | 1,543,295 |
| Lease liability | 364,941 | 327,230 | - |
| | 3,402,584 | 1,855,511 | 1,543,295 |
| | | | |
| | <i>As at</i> <i>30 June 2024</i> | <i>As at</i> <i>30 June 2023</i> | <i>As at</i> <i>1 July 2022</i> |
| | £ | £ | £ |
| Non-Current | | | |
| Loans and borrowings | - | 101,360 | 322,035 |
| Lease liability | 37,695 | 402,637 | - |
| | 37,695 | 503,997 | 322,035 |

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

21. Financial instruments and financial risk management (continued)**Financial assets measured at amortised cost****Group**

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|---------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Trade receivables | - | 44,306 | - |
| Cash and cash equivalents | 24,810,336 | 7,587,669 | 27,772,848 |
| | 24,810,336 | 7,631,975 | 27,772,848 |

Company

| | <i>As at</i> 30 June 2024 £ | <i>As at</i> 30 June 2023 £ | <i>As at</i> 1 July 2022 £ |
|------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Trade receivables | - | 44,306 | - |
| Amounts owed by Group undertakings | 4,696 | 1,930,643 | - |
| Cash and cash equivalents | 24,518,812 | 7,585,025 | 27,772,848 |
| | 24,523,508 | 9,559,974 | 27,772,848 |

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low.

For internal credit risk management purposes, the Group considers a financial asset to be not recoverable if the customer balance owing is 180 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

The Group provides credit to customers in the normal course of business. In order to minimise credit risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure is monitored. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. The amounts presented in the Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk. The Group is mainly financed through the issue of shares to shareholders.

The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

21. Financial instruments and financial risk management (continued)

The following table shows the maturities of gross undiscounted cash flows of financial liabilities:

Contractual maturities of financial liabilities were as follows:

Group

| 30 June 2024 | Carrying amount | Contractual cashflows | < 1 year | 1 - 5 years | 5 years and over |
|--------------------------|------------------|-----------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Trade and other payables | 3,133,121 | 3,133,121 | 3,133,121 | - | - |
| Loans and borrowings | - | - | - | - | - |
| Lease liability | 2,381,256 | 2,533,818 | 983,865 | 1,549,953 | - |
| Total | 5,514,377 | 5,666,939 | 4,116,986 | 1,549,953 | - |

| 30 June 2023 | Carrying amount | Contractual cashflows | < 1 year | 1 - 5 years | 5 years and over |
|--------------------------|------------------|-----------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Trade and other payables | 1,772,495 | 1,772,495 | 1,772,495 | - | - |
| Loans and borrowings | 101,360 | 101,360 | 101,360 | - | - |
| Lease liability | 3,207,186 | 3,497,678 | 963,860 | 2,533,818 | - |
| Total | 5,081,041 | 5,371,533 | 2,837,715 | 2,533,818 | - |

Company

| 30 June 2024 | Carrying amount | Contractual cashflows | < 1 Year | 1 - 5 Years | 5 Years and over |
|--------------------------|------------------|-----------------------|------------------|---------------|------------------|
| | £ | £ | £ | £ | £ |
| Trade and other payables | 3,037,643 | 3,037,643 | 3,037,643 | - | - |
| Loans and borrowings | - | - | - | - | - |
| Lease liability | 402,636 | 422,692 | 384,676 | 38,016 | - |
| Total | 3,440,279 | 3,460,335 | 3,422,319 | 38,016 | - |

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

21. Financial instruments and financial risk management (continued)

| 30 June 2023 | Carrying amount | Contractual cashflows | < 1 Year | 1 - 5 Years | 5 Years and over |
|--------------------------|--------------------|--------------------------|------------------|----------------|---------------------|
| | £ | £ | £ | £ | £ |
| Trade and other payables | 1,528,281 | 1,528,281 | 1,528,281 | - | - |
| Loans and borrowings | 101,360 | 101,360 | 101,360 | - | - |
| Lease liability | 729,867 | 801,984 | 379,392 | 422,592 | - |
| Total | 2,359,508 | 2,431,625 | 2,009,033 | 422,592 | - |

We refer the reader to note 17 for detail on the loans and borrowings.

We refer the reader to note 18 for detail on the lease liabilities.

Interest rate risk

The Group holds interest-bearing assets in the form of cash and cash equivalent deposits.

The Group's only long-term financial liabilities are leases which by their nature are at a fixed rate and therefore the Group's interest rate risk exposure is minimal.

The Group regularly reviews forecast debt, cash and cash equivalents and interest rates to monitor this risk and would consider hedging instruments if the perceived risk was to increase.

Capital Risk Management

The Group is equity funded, comprising share capital and share premium.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans;
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term; and
- Provide a reasonable expectation of future returns to shareholders.

The capital adequacy of the business is monitored on a monthly basis and as part of the business planning process. The liquidity of the business is monitored on a daily basis to ensure sufficient funding exists to meet the Group's liabilities as they fall due. At an operating level, the Group is cash generative and maintains sufficient cash to fund its foreseeable trading requirement.

22. Capital commitments

At 30 June 2024, the Group has contractual commitment of £3 million (2022 & 2023: nil) to purchase fixed assets.

OXFORD QUANTUM CIRCUITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

23. Share based payments

A summary of the ordinary shares option issued is detailed below:

| | Number of share options | | | Weighted average exercise price | | |
|----------------------------|-------------------------|------------------|----------------|---------------------------------|-------------|-------------|
| | 2024 | 2023 | 2022 | 2024 | 2023 | 2022 |
| | Number | Number | Number | £ | £ | £ |
| Outstanding 1 July | 2,373,029 | 654,100 | 468,562 | 0.18 | 0.18 | 0.17 |
| Granted | 245,325 | 1,718,929 | 473,886 | 0.18 | 0.2 | 0.18 |
| Expired | (1,201,639) | - | (288,348) | 0.18 | 0.18 | 0.17 |
| Outstanding 30 June | 1,416,715 | 2,373,029 | 654,100 | 0.18 | 0.18 | 0.18 |
| Exercisable 30 June | - | 1,006,024 | 310,367 | 0.18 | 0.18 | 0.18 |

The options outstanding at 30 June 2023 had an exercise price ranging from £0.17 to £0.20, and a remaining contractual life of 6-10 years.

During the year, the Group recognised total share based payment expenses of £1,800,415 (2023: £1,057,505) which related to equity settled share based payment transactions.

In accordance with accounting standards, the Group is required to recognise an expense for the services received by a group in exchange for equity-based payment.

For ordinary shares option issued, the Black Scholes model was used to value the compensation expense with the following inputs:

Interest rate: 4%
Volatility: 50%
Expected life of ordinary shares option: 10 years

24. Related party transactions

During the year costs of £1,490 (2023: £1,195) (net of VAT) were charged by University of Oxford, a shareholder of the Group, in relation to administrative expenses.

During the year costs of £66,000 (2023: £60,000) (net of VAT) were charged by P J Leek, a former director of the Group, in relation to administrative expenses.

25. Events after the reporting period

The Group has received funding of £6.2 million in July 2024 and £2.4 million in October 2024 by issue of its equity shares.

OXFORD QUANTUM CIRCUITS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

26. Transition to International Financial Reporting Standards

From 1 June 2022 the Group has also adopted international accounting standards (IFRS) in the preparation of its financial statements. The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below.

IFRS 15- Revenue from Contracts with Customers

The Group has adopted IFRS 15, which governs revenue recognition based on the satisfaction of the performance obligations. As a result, revenue previously recognised under 'deployment' category has been reversed and recognised in the year ended 30 June 2024 on satisfaction of the performance obligations. To reflect this change, the financial statements have been restated, impacting both revenue recognised during the year and accrued revenue within Trade and other receivables.

IFRS 16- Leases

With effect from 1 June 2022, the Group adopted IFRS 16 Leases via the full retrospective method. In accordance with IFRS 16, the distinction between operating leases and finance leases has been removed.

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Under IFRS 16, a lessee applies a single recognition and measurement approach for all leases (except for short-term and low value leases) and recognises both lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset. By adopting IFRS 16, the Group has recognised right-of-use assets and a corresponding balance is recognised as lease liabilities in the Statement of Financial Position.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities at 1 June 2022 was 10 per cent.

IAS 38 – Intangible Assets

Under FRS 102, an accounting policy choice exists for capitalising development costs for internally generated intangible assets whereas under IFRS there is required capitalisation of such costs. After the application of IAS 38, development costs attributable to the development of software for new products were calculated as needing to be capitalised in the year within intangible assets. These costs had previously been expensed in full in the Statement of Comprehensive Income in prior financial periods.

The Group's first IFRS financial statements include the reconciliations for IFRS 15, IFRS 16 and IAS 38 adjustments as described above.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

26. Transition to International Financial Reporting Standards (continued)

I. Reconciliation of the Consolidated Statement of Financial Position as at 1 July 2022:

| | 01-Jul-22 | IFRS 15 | IFRS 16 | IAS 38 | 01-Jul-22 |
|--------------------------------------|-------------------|------------|------------|------------------|-------------------|
| | £ | Adjustment | Adjustment | Adjustment | £ |
| | FRS 102 | £ | £ | £ | IFRS |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 1,738,225 | - | - | - | 1,738,225 |
| Intangible assets | - | - | - | 6,218,100 | 6,218,100 |
| Right of use assets | - | - | - | - | - |
| | 1,738,225 | - | - | 6,218,100 | 7,956,325 |
| Current assets | | | | | |
| Trade and other receivables | 2,413,583 | - | - | - | 2,413,583 |
| Cash and cash equivalents | 27,772,848 | - | - | - | 27,772,848 |
| | 30,186,431 | - | - | - | 30,186,431 |
| Total assets | 31,924,656 | - | - | 6,218,100 | 38,142,756 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 1,100 | - | - | - | 1,100 |
| Share premium account | 40,823,001 | - | - | - | 40,823,001 |
| Foreign currency translation reserve | - | - | - | - | - |
| Retained earnings | (10,861,949) | - | - | 6,218,100 | (4,643,849) |
| Total equity | 29,962,152 | - | - | 6,218,100 | 36,180,252 |
| Non-Current liabilities | | | | | |
| Lease liability | - | - | - | - | - |
| Loans and borrowings | 322,035 | - | - | - | 322,035 |
| | 322,035 | - | - | - | 322,035 |
| Current liabilities | | | | | |
| Trade and other payables | 1,640,469 | - | - | - | 1,640,469 |
| Lease liability | - | - | - | - | - |
| | 1,640,469 | - | - | - | 1,640,469 |
| Total liabilities | 1,962,504 | - | - | - | 1,962,504 |
| Total equity and liabilities | 31,924,656 | - | - | 6,218,100 | 38,142,756 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

26. Transition to International Financial Reporting Standards (continued)

II. Reconciliation of the Consolidated Statement of Financial Position as at 30 June 2023:

| | 30-Jun-23 | IFRS 15 | IFRS 16 | IAS 38 | 30-Jun-23 |
|--------------------------------------|-------------------|--------------------|------------------|-------------------|-------------------|
| | £ | Adjustment | Adjustment | Adjustment | £ |
| | FRS 102 | £ | £ | £ | IFRS |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 2,374,420 | - | - | - | 2,374,420 |
| Intangible assets | - | - | - | 17,184,452 | 17,184,452 |
| Right of use assets | - | - | 2,994,604 | - | 2,994,604 |
| | 2,374,420 | - | 2,994,604 | 17,184,452 | 22,553,476 |
| Current assets | | | | | |
| Trade and other receivables | 8,355,644 | (1,266,000) | - | - | 7,089,644 |
| Cash and cash equivalents | 7,587,669 | - | - | - | 7,587,669 |
| | 15,943,313 | (1,266,000) | - | - | 14,677,313 |
| Total assets | 18,317,733 | (1,266,000) | 2,994,604 | 17,184,452 | 37,230,789 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 1,114 | - | - | - | 1,114 |
| Share premium account | 41,602,990 | - | - | - | 41,602,990 |
| Foreign currency translation reserve | (502,637) | - | - | - | (502,637) |
| Retained earnings | (24,851,767) | (1,266,000) | (212,582) | 17,184,452 | (9,145,897) |
| Total equity | 16,249,700 | (1,266,000) | (212,582) | 17,184,452 | 31,955,570 |
| Non-Current liabilities | | | | | |
| Lease liability | - | - | 2,381,256 | - | 2,381,256 |
| Loans and borrowings | 101,360 | - | - | - | 101,360 |
| | 101,360 | - | 2,381,256 | - | 2,482,616 |
| Current liabilities | | | | | |
| Trade and other payables | 1,966,673 | - | - | - | 1,966,673 |
| Lease liability | - | - | 825,930 | - | 825,930 |
| | 1,966,673 | - | 825,930 | - | 2,792,603 |
| Total liabilities | 2,068,033 | - | 3,207,186 | - | 5,275,219 |
| Total equity and liabilities | 18,317,733 | (1,266,000) | 2,994,604 | 17,184,452 | 37,230,789 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

26. Transition to International Financial Reporting Standards (continued)

Reconciliation of Consolidated Statement of Comprehensive Income for the year ended 30 June 2023:

| | 30-Jun-23 £ FRS 102 | IFRS 15 Adjustment £ | IFRS 16 Adjustment £ | IAS 38 Adjustment £ | 30-Jun-23 £ IFRS |
|---|---------------------------|----------------------------|----------------------------|---------------------------|------------------------|
| Income | | | | | |
| Revenue | 2,980,797 | (2,173,000) | - | - | 807,797 |
| Cost of sales | - | - | - | - | - |
| Gross profit | 2,980,797 | (2,173,000) | - | - | 807,797 |
| Sales and marketing and general administrative expenses | (22,604,866) | 907,000 | (89,900) | 10,966,352 | (10,821,414) |
| Operating loss | (19,624,069) | (1,266,000) | (89,900) | 10,966,352 | (10,013,617) |
| Finance costs | | | | | |
| Finance income | 68,847 | - | - | - | 68,847 |
| Finance expenses | (49,943) | - | (122,682) | - | (172,625) |
| Loss for the year before tax | (19,605,165) | (1,266,000) | (212,582) | 10,966,352 | (10,117,395) |
| Taxation | 4,557,842 | - | - | - | 4,557,842 |
| Loss for the year | (15,047,323) | (1,266,000) | (212,582) | 10,966,352 | (5,559,553) |
| Other comprehensive income/(loss) | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Movement in currency translation reserve | (502,637) | - | - | - | (502,637) |
| Total comprehensive loss for the year | (15,549,960) | (1,266,000) | (212,582) | 10,966,352 | (6,062,190) |

Explanation of material adjustments to the Statement of Cash Flows for the year ended 30 June 2023:

The principal IFRS adjustments affecting the Statement of Cash Flows for 2023 relates to the right-of-use assets brought onto the Statement of Financial Position by applying IFRS 16 and capitalisation of development cost as per IAS 38, which has impacted the Statement of Cash Flows materially.

For 2023, depreciation charge of the right-of-use assets is £569,741 per IFRS 16, which has affected the cashflows from operating activities and £479,842 related to payments of lease liabilities which are reflected in the cash outflows from financing activities.

For 2023, development cost capitalised per IAS 38 is £15,980,444 and amortisation of internally developed intangible assets is £5,014,092, which have net positive impact of £10,966,352 on cash flow from operating activities.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

27. Controlling party

The ultimate controlling party is Oxford Science Enterprises PLC by virtue of its holding of more than 25% of the shareholding in Oxford Quantum Circuits Limited.