



Quadrise

ANNUAL REPORT & ACCOUNTS

For the year ended 30 June 2023

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HIGHLIGHTS

Quadrise is positioning itself to be one of the key decarbonisation solution providers in a rapidly changing global energy market, with each of our projects now nearing a key milestone. Preparatory steps for the MSC fuel trials are now complete, with fuel supply agreements nearing finalisation. Our first licensing revenues will be achieved upon successful completion of Valkor's project financing and our trial in Morocco is set to resume in early Q4 2023. We are making good progress in formulating a net-zero fuel to support clients' decarbonisation strategies, and along with Valkor revenues, the funds raised post year-end will enable us to progress our projects up to mid 2024.

Project Progress

The MSC bioMSAR™ vessel trials are planned to commence in Q1 2024 following the finalisation of agreements and installation of our equipment at the terminal site. Upon completion of our site trial in Morocco, commercial supply discussions are expected to commence in Q4 2023. US\$1.0m of license revenue will be due upon successful completion of Valkor's project financing with a further US\$0.5m due following the transfer of our equipment to Utah.

Innovations in bioMSAR™

There is growing interest in our bioMSAR™ product and variations based on this technology, where other low emission feedstocks can be combined to produce Net-zero or near-zero fuels.

Over the past year, we have identified and researched multiple feedstock options and developed partnerships with companies who have advantaged technologies. Our goal is to have a commercially viable net-zero fuel by 2030.

Funding in Place

Quadrise raised £1.94 million in July 2023 via a placing and open offer, which together with existing funds and expected revenues from Valkor, will enable us to finance our projects through to mid-2024. This accomplishment amidst difficult market conditions speaks to the confidence of new and existing investors in the potential of our technology. We remain hugely grateful to our investors for their continued support.

The sectors that we serve – **Marine, Heavy Industry and Utilities** – contribute 59% of global (GHG) gas emissions and face increasing regulatory and customer pressures to decarbonise. Our technologies are a potential changer, enabling decarbonisation rapidly and at lower cost.



PROVEN TECHNOLOGY

Our technology draws on over 30 years of experience in the production of oil-in-water emulsion-based fuels. MSAR® and bioMSAR™ are direct substitutes for fuel oil (also called Heavy Fuel Oil or “HFO”) and biofuel respectively, and we have established a strong reputation with market leading companies.

HFO vs MSAR® and bioMSAR™

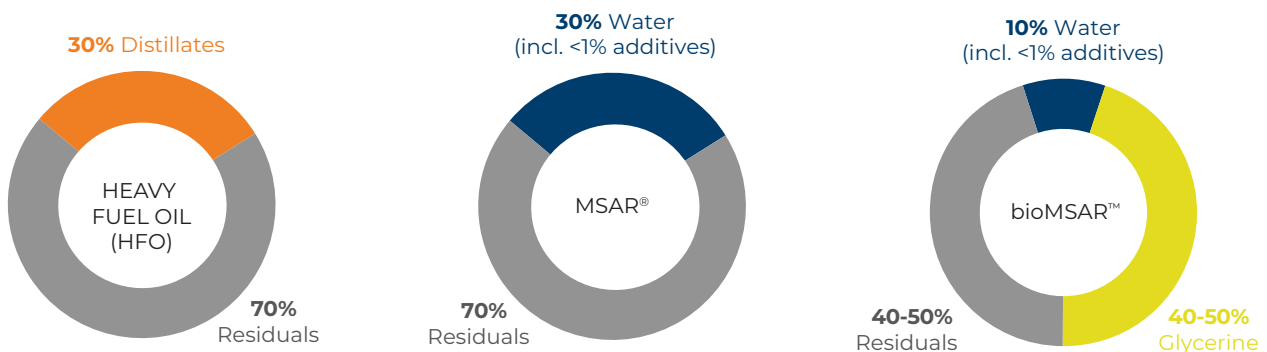
Crude oil production and refining often result in heavy residual oils that require expensive refined distillates to reduce viscosity and meet pipeline and HFO specifications. HFO is sold at a discount to crude oil, resulting in a loss for the producer.

Our technology is a potential game changer for oil refiners and heavy oil producers. It frees up valuable distillates traditionally used for fuel viscosity control, increasing profitability. This is achieved rapidly and without incurring significant expenditure or costs – which differentiates our technology from alternative upgrading solutions.

Cost-effective MSAR® technology enables additives and water to replace these high value distillates, which can then be sold at a premium. MSAR® technology can also be used to produce bioMSAR™, that incorporates renewable fuel-grade glycerine to provide an economic biofuel solution offering over 20% lower CO₂ emissions today.

Quadrise is further developing our bioMSAR™ technology to incorporate a number of other potential low-carbon / carbon negative¹ feedstocks, to produce bioMSAR™ Zero, a Net Zero fuel.

The global fuel oil market currently is approximately 7 million barrels per day (386 million tons per annum), up 13.5% from 2021.



¹ Feedstocks from products that have a net effect of removing carbon dioxide from the atmosphere rather than adding it, over their lifecycle.



Both MSAR[®] and bioMSAR[™] fuels are extremely stable, with storage and handling possible at ambient conditions which is a significant difference from HFO that has to be continually heated. MSAR[®] and bioMSAR[™] from different refineries are compatible with each other and with a variety of hydrocarbons, and they are transported using existing fuel infrastructure.

Economic Benefits

Because premium distillate fuels are replaced with low-cost water and a small amount (<1%) of additives, a higher proportion of the valuable components of the oil barrel can be sold as higher-margin refined products.

In a refinery producing HFO, typically just 50-60% of the crude processed is sold as premium value transport oils, whereas in a refinery producing MSAR[®] or bioMSAR[™], this can increase to up to 70%.

Quadris's technology is modular and can be integrated for production in under 12 months, with any tie-ins incorporated into scheduled maintenance shutdowns.

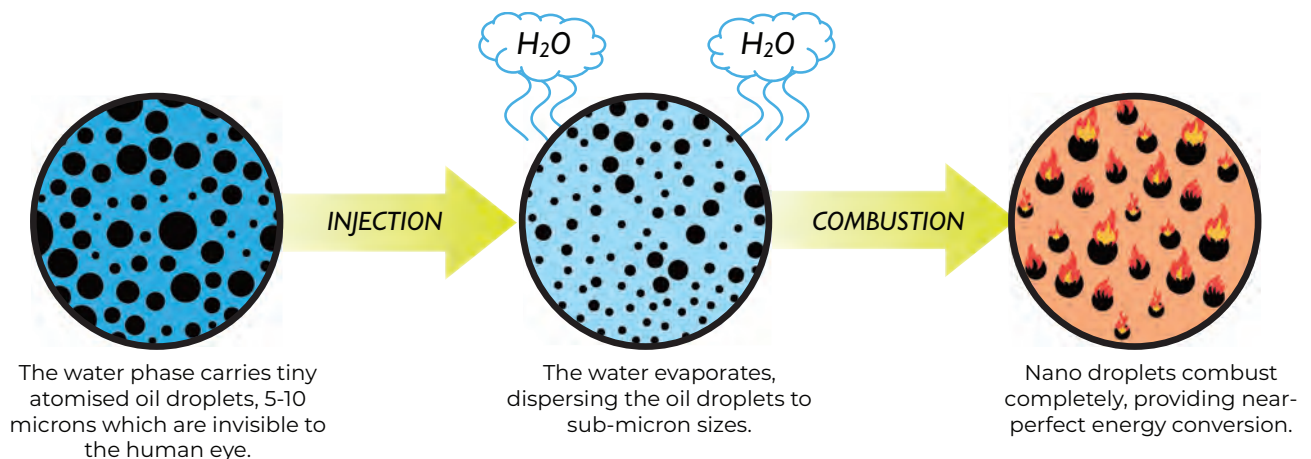
Environmental Benefits

MSAR[®] and bioMSAR[™] fuel solve key environmental problems including CO₂, Black Soot, NO_x & SO_x.

Our fuels offer enhanced combustion performance when compared to conventional fuel oil due to

their inherent physical characteristics; pre-atomised micro fuel droplets suspended in water.

This results in less ash and black carbon particulate matter (PM) and nitrogen oxide (NO_x) reductions of typically 30%, significant in improving local air quality and lowering the global warming potential of fuel oil use. In addition, bioMSAR[™] offers reductions of over 20% in CO₂ emissions due to its incorporation of renewable glycerine and improved engine efficiency.

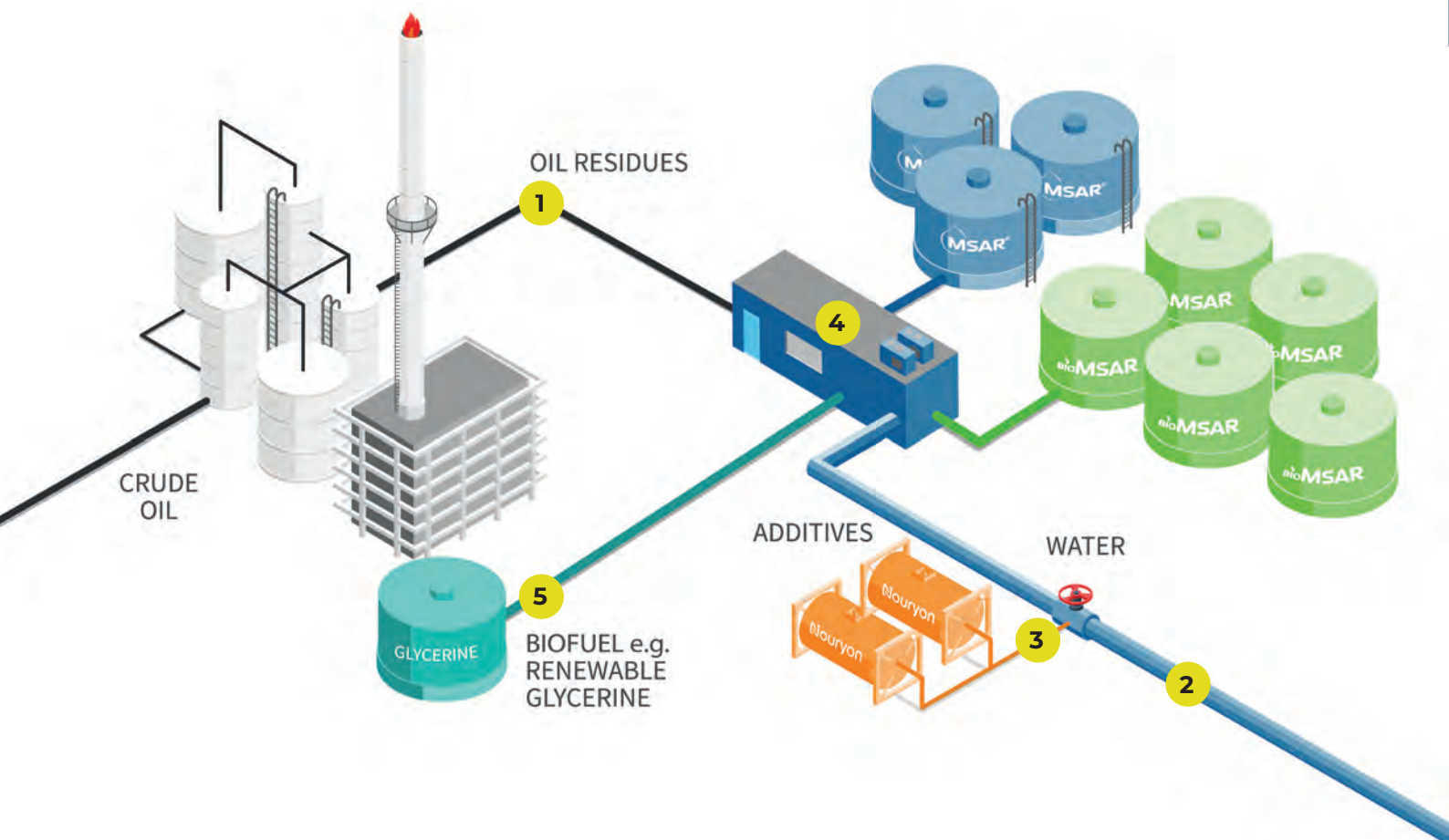


Operational Benefits

MSAR® and bioMSAR™ are extremely stable, with storage and handling possible at much lower temperatures than HFO. These characteristics make our products safer for crew to handle and reduce cost and complexity. As emulsion fuels, MSAR® and bioMSAR™ both readily disperse in water in the unlikely event of a spill; a characteristic which is very different to conventional HFO or biofuels.

Quadrise's modular technology can be installed in under 12 months and is compatible with existing fuel oil and biofuel infrastructure, resulting in a low cost solution. The simple production process is as follows:

- 1** Oil residues are taken from the refinery or heavy oil production and cooled to under 200°C to achieve the required viscosity.
- 2** Water, which can be derived from several utility or waste-water sources is added to the residue.
- 3** Special additives provided by our long term chemical technology partner Nouryon are included in the water phase to stabilise the emulsion for long-term storage and transport, and to promote complete combustion.
- 4** The mixture is processed in a proprietary emulsion module to produce a highly-stable oil-in-water emulsion with enhanced fuel properties.
- 5** A biofuel component like renewable glycerine can be added to produce bioMSAR™ as an alternative to MSAR® for further carbon dioxide savings. bioMSAR™ and MSAR® can be made interchangeably and are compatible with each other.



PROGRESS TO A NET-ZERO FUEL

We specialise in low-carbon emulsion fuels for marine, heavy industry, and utilities. Our core MSAR® technology has been tested with leading players across multiple sectors and proven to deliver up to 9% CO₂ reductions compared to HFO.



bioMSAR™

In 2021, we developed bioMSAR™, building on our original MSAR® technology to incorporate biofuels. To-date, our formulation of bioMSAR™ includes up to 70% of renewable glycerine, resulting in a 50% reduction in GHG emissions.

Operational simplicity is crucial in the global sectors that we serve. In response to this, and as an option, Quadrise has developed and commissioned a prototype emulsion system to blend MSAR® and bioMSAR™ on board a marine vessel.

This blend-on-board ("BoB") technology gives additional routing flexibility as well as simplifying the supply chain. We filed a patent application jointly with Nouryon in April 2023 covering BoB and have already received customer enquiries.

bioMSAR™ Zero

To meet rising demand for a net-zero fuel, we started work on 'bioMSAR™ Zero', a net-zero fuel that we aim to launch by 2030.

Whilst net-zero fuels do technically exist, none are yet commercially competitive nor globally scalable. We are therefore directing our efforts with commerciality at the forefront of our minds.

Over the past year, we have researched, shortlisted and tested multiple renewable feedstocks with potential to be incorporated into bioMSAR™. These include bio-methanol, Methyl Esters, Lignin, Wood Pyrolysis Oil (WPO), Tyre Pyrolysis Oil (TPO), Straight Vegetable Oil (SVO) and bio-lactic acid.

In addition to the physical and chemical properties of these components, our criteria includes robust and competitive supply, GHG emission profile and social impacts related to cultivation and production.

Our work is most advanced with Methyl Esters (like Fatty Acid Methyl Esters, FAME) and Lignin (in the form of sugars). Both show promising early success in being incorporated into bioMSAR™. WPO and TPO have also shown potential.

We are developing a bioMSAR™ blend in collaboration with Vertoro BV who produce crude sugar oils ("CSO™") from lignin, and we will be performing diesel engine tests on this blend at Aquafuel in Q4 2023. Quadrise has also entered into a Joint Development Agreement with BTG Bioliquids BV to explore the use of their pyrolysis bio-oils ("FPBO"), derived from agricultural and sawmill waste.

Biofuels are not without their challenges. They are derived from agricultural crops and could compete with food crops. There are concerns around changes in land use, increase in water use and the 'Food vs Fuel' debate. We are fully aware of these challenges and believe that biofuels should be derived from waste streams to mitigate against these risks for the highest environmental and social benefits. Further detail will be provided in our upcoming Sustainability Report 2023.

OUR COMMITMENT TO ESG

In the ever-evolving landscape of corporate responsibility, Quadrise is proud to highlight our commitment to Environmental, Social, and Governance ("ESG") principles. We believe that a sustainable and responsible approach to business is not just a choice; it is our duty as a company whose purpose is to deliver innovative energy solutions for a cleaner planet.

Environmental Responsibility

Environmental responsibility is deeply woven into the fabric of Quadrise. It is not just a corporate obligation but the driving force behind our innovation and growth.

We are committed to advancing our lower-carbon MSAR® and bioMSAR™ emulsion fuels, which can play a pivotal role in reducing GHG emissions, enhancing fuel efficiency, and reducing harmful pollutants.

In our Sustainability Report 2022, we set a target to become a net-zero company in our Scope 1 and Scope 2 emissions by 2030, adopting a hierarchy of Avoiding, Reducing and finally Compensating our emissions. Our efforts in developing 'bioMSAR™ Zero', our investments in

avoidance and reduction of our own emissions, and our sustainable practices in our operations are key drivers in realising these goals.

Quadrise is an active member of the UK Chamber of Shipping (UK CoS) and International Bunker Industry Association (IBIA), working together to drive innovation, share knowledge, and create solutions that address decarbonisation of shipping.

Our commitment to environmental responsibility extends beyond our organisation. We engage in collaborations with industry peers to spearhead sustainability initiatives and the adoption of our technology, primarily in the marine sector.

Quadrise is an active member of the UK Chamber of Shipping (UK CoS) and International Bunker Industry Association (IBIA), working together to drive innovation, share knowledge, and create solutions that address decarbonisation of shipping. Through these partnerships, we seek to foster a broader commitment to sustainability within our industry and contribute to the global shift toward responsible energy practices.

In our pursuit of sustainability, we are also conducting a comprehensive lifecycle assessment (LCA) of our bioMSAR™ aligned with the IMO interim guidelines,

to provide our clients with the assurance of the GHG benefits of our technology.



Quadrise CEO Jason Miles (second from right) in a panel discussion at the TradeWinds Green Seas Fuels Forum in New York, March 2023.

Social Responsibility

Our commitment to social responsibility encompasses several crucial aspects.

The well-being of our employees is paramount. We prioritise their safety, health and professional development with regular training at our research facility, 'QRF'.



We firmly believe that diversity is a source of innovation. As such, Quadrise is deeply committed to promoting diversity and inclusion within our organisation.

We recognise there is a gender skew in our sector, and have recently updated our employment policies to stipulate at least a third of candidates being interviewed for a position should be women or from a minority ethnic group.

Our commitment to social responsibility includes upholding human rights and labour standards. Adherence to international labour conventions and guidelines is a non-negotiable aspect of our operations, ensuring the highest ethical standards are met.

Governance Responsibility

Since admission to trading on AIM in 2006, Quadrise has voluntarily adopted the UK Corporate Governance Code (the 'Code'), that establishes standards for good corporate governance in accordance with five clear principles of board leadership, effectiveness, accountability, appropriate remuneration and good relations with shareholders. Companies which adhere to the Code must set out how they comply, or explain instances of non-compliance.

Quadrise's disclosures under the Code are on our website: <https://www.quadrise.com/investor-relations/corporategovernance/>.

Our commitment to governance responsibility is evident in multiple aspects:

Our board of directors is composed of highly experienced individuals from diverse backgrounds, ensuring independent oversight and strategic guidance for our operations.



Upholding the highest ethical standards is paramount. We maintain a comprehensive code of conduct and ethics that governs the behaviour of all our employees, directors, and partners.

We actively engage with our shareholders to gather insights and feedback. This ongoing dialogue helps us improve our governance practices and align our strategies with shareholder expectations.

Transparency in financial reporting and operations is a fundamental commitment. We aim to maintain the highest levels of accountability, ensuring our stakeholders have complete confidence in our practices.

Rigorous risk management practices are ingrained in our corporate culture. We continuously identify, assess, and mitigate risks to protect our business and stakeholders.

CHAIRMAN'S STATEMENT

The cost of energy and the transition to secure sustainable fuels continue to be top priorities for governments, businesses and communities. During the year ended 30 June 2023, Quadrise has continued to position itself as a provider of innovative decarbonisation solutions and the Board remains confident in both the quality of the Company's solutions and the commercial opportunities that they provide.

“The accomplishment of financing under difficult market conditions demonstrated the continuing confidence of new and existing investors in the potential of the Quadrise technology and its applicability to our real-world problems.”

In July 2023 the Company announced that it had raised gross proceeds of £1.94 million via a placing of new ordinary shares in the Company and subsequent open offer to qualifying shareholders at an issue price of 1.25 pence per share. The funds raised will, together with receipts from contracted but conditional

payments in respect of the Company's Utah project with Valkor, enable the Company to continue to finance its projects through to mid-2024 and thereby to achieve further milestones that add shareholder value.

The successful completion of the fundraising under difficult market conditions demonstrated the continuing confidence of new and existing investors in the potential of our technology and its applicability to real-world problems. The result is that the current financial year is pivotal for Quadrise, with our key objectives being:

- To progress business in North America, building on a bridgehead to be established in Utah.
- To contract sources of heavy residues and glycerine for product supply outside North America.
- To be ready to scale-up our marine business following the planned completion of the trials with MSC.

Our near-term strategy remains to focus on the key projects in Morocco, Utah and with MSC, which represent the most efficient use of our financial resources and provide the fastest and



most material pathways to commercialisation. Important milestones are expected to be achieved in Q4 2023 in each of these key projects:

- Following the signing of a Site License & Supply Agreement with Valkor Technologies LLC in June 2023, commercial revenues are now expected from Valkor subject to successful completion of their heavy oil project financing. This is a critical milestone in attracting new customers, investors and strategic partners. We now look forward to the commencement of Valkor's pilot drilling operations ahead of the winter season.
- The trial with our customer in Morocco is anticipated to resume in early October 2023 after a series of technical delays caused by feed pump problems, with commercial discussions then to take place following confirmation of a successful trial.

- We also look forward to being able to update the market on the next steps with respect to fuel supply logistics for the long-awaited on-board trial of bioMSAR™ with MSC, with the finalisation of trial agreements expected in Q4 2023. The 4,000-hour trial is planned to start in Q1 2024.

Looking further ahead, we continue to develop the next generation of bioMSAR™ fuel and energy delivery technologies, with the goal of producing a commercially competitive net-zero product before 2030.

The year ended 30 June 2023 could be characterised as one of continued strategic and operational progress, but without a breakthrough. Each of our projects has several moving parts, and the management task is significant in bringing the Company to an inflexion point. However, we hope to see the results of progress to date come to fruition during the final quarter of 2023.



The Board remains active in evaluating strategic initiatives that would de-risk and/or facilitate the delivery of our key objectives set out above, such as M&A activity, joint ventures or other strategic partnerships. As I stated last year, our ambitions for the business are limited more by the availability of financial and operational resources than by the scale of the significant opportunities that the Company can address.

The Board remains committed in its determination for the Company to deliver on its strategic objectives and together with management, we look forward to driving the business into commercial revenues and generating value for our shareholders, whom I thank for their continued support and engagement throughout the year.

“...we continue to develop the next generation of bioMSAR™ fuel and energy delivery technologies, with the goal of producing a commercially competitive net-zero product before 2030.”

Results for the Year

The consolidated after-tax loss for the year to 30 June 2023 was £3.1m (2022: £2.6m), with the loss per share for the year increasing to 0.22p from 0.18p in 2022.

Production and development costs of £1.7m (2022: £1.5m) comprise the costs of the Group's R&D facility ('QRF' in Essex), its operational staff and consultants, and ongoing bioMSAR™ and MSAR® development costs. These costs are largely related to fixed costs with the increase due to bioMSAR™ development and testing costs.

Administration expenses of £1.3m (2022: £1.4m), comprise the Group's corporate staff and directors' costs, professional advisor fees, PR/IR costs and head office costs.

At 30 June 2023, the Group had total assets of £5.0m (2022: £8.0m). The most significant balances were cash of £1.3m (2022: £4.4m), intangible assets of £2.9m (2022: £2.9m), and property, plant and equipment of £0.4m (2022: £0.4m). The Group has tax losses arising in the UK of approximately £62.0m (2020: £60.0m) that are potentially available to be carried forward against any future profits.

Andy Morrison
Non-executive Chairman
29 September 2023

CHIEF EXECUTIVE'S STATEMENT

The global energy industry faces mounting pressure to reduce carbon emissions whilst delivering practical and cost-efficient energy solutions to consumers. In recent times, escalating energy prices have emerged as significant contributors to global inflation, exacerbated by the ongoing Ukraine conflict and Russian sanctions. Simultaneously, there is a crucial global goal to halve greenhouse gas ("GHG") emissions by 2050, a target set by the IPCC to mitigate the severe consequences of climate change.

Addressing the Maritime Decarbonisation Challenge

The shipping sector is responsible for roughly 3% of global GHG emissions. The sector is under increasing scrutiny from European regulators who are encouraging maritime operators to explore lower-carbon and eventually net-zero alternatives. These include longer-term options such as green hydrogen, ammonia, and methanol, with each of these demanding substantial investments and posing logistical and safety challenges. While several lower-carbon and potentially net-zero solutions are in

development, these are not yet ready for widespread adoption. Implementation will require significant investment, either in retrofitting existing fleets or the building of new vessels and the logistical challenges of delivery should not be underestimated in the context of currently reduced global ship building capacity.

Revolutionary Quadrise Technology

Our patented Quadrise technology offers a practical and cost-effective path for operators in the marine, industrial, and power sectors to decarbonise, reduce energy costs, and lower associated emissions safely. MSAR[®] reduces fuel consumption in diesel engines by up to 10% and simultaneously lowers GHG emissions by the same margin. By incorporating renewable glycerine to produce the economical bioMSAR[™], we can further reduce GHG emissions by over 20%. The Quadrise solutions are readily available, utilising existing infrastructure to achieve cost savings and GHG reduction. bioMSAR[™] outperforms LNG and FAME marine fuel blends in terms of lower CO₂ emissions per unit of energy. Other bioMSAR[™] benefits include its water dispersibility, improved safety, and biodegradability.



Immediate and Future Deployment

Our technology is ready for rapid deployment, delivering immediate benefits as we transition towards net-zero fuel solutions, which may become mandatory as early as 2030. To seize this opportunity, we have established an R&D strategy, leveraging our innovative and adaptable technology. We are collaborating with fellow innovators in the sustainable fuel sector to expand our portfolio of lower-cost, renewable, and abundant biofuel components. As an example, we are formulating a bioMSAR[™] blend with Vertoro BV, producers of a crude sugar oil ("CSO[™]"). Diesel engine testing of this blend at Aquafuel is set to conclude in Q4 2023. Additionally, Quadrise has entered into a Joint Development Agreement with BTG Bioliquids to explore the use of their 'FPBO' biofuel, derived from agricultural and sawmill waste, alongside other related net-zero R&D activities.

Ongoing Projects

Our core projects encompass the marine, upstream, and industrial sectors, with further projects in the pipeline for downstream and power plant applications. Our current focus is on demonstrating MSAR® and bioMSAR™ technology at a commercial scale, progressing these opportunities into commercial supply agreements.

The demand for scalable and certified low or zero emission shipping services is evident in the historic tender recently issued by an alliance of freight buyers including Amazon, IKEA, Philips and over 20 other major global companies. The RfP (Request for Proposal) launched by ZEMBA (Zero Emission Maritime Buyers Alliance) seeks bids with sufficient capacity to move 600,000 containers over 3 years on ships that offer 90% reduction in GHG emissions compared to traditional fossil fuels. This is further evidence of the demand for our technology solutions and the concerted industry effort to accelerate decarbonisation in shipping.

MSC – A framework agreement with MSC Shipmanagement (“MSC”) was signed in July 2022 to test and trial both of our economical, cleaner marine fuel and biofuel alternatives on their container vessels. Quadrise is excited to be collaborating with MSC to decarbonise the largest container ship fleet in the world as they lead the way in

advancing the marine sector’s transition towards a net-zero future.

A number of preparatory steps have been completed by stakeholders prior to commencing the Letter Of No Objection (“LONO”) fuel trials of both bioMSAR™ and MSAR® on board the MSC Leandra:

- Wärtsilä Services of Switzerland carried out optical combustion and engine wear tests on bioMSAR™ in December 2022.
- The emulsion fuel booster unit was inspected, upgraded where necessary, and tested in readiness for use.
- The vessel was fully inspected by MSC and

“The demand for scalable and certified low or zero emission shipping services is evident in the historic tender recently issued by an alliance of freight buyers including Amazon, IKEA, Philips and over 20 other major global companies.”

installed with equipment designed to reduce emissions and improve vessel efficiency.

- A hazard identification and operability workshop was recently completed involving MSC, Quadrise, Wärtsilä and Lloyds Register using the framework developed for the prior use of MSAR® on the main 2-stroke engine, when the vessel was owned by Maersk.

Quadrise is progressing the fuel production and supply activities necessary for the above commercial trials, with

the intention of concluding agreements with project stakeholders, which include a major global trading company, as soon as possible. Following the installation and commissioning of Quadrise equipment at the bunker terminal site, the intention is then to commence commercial-scale Proof-of-Concept and LONO trials on bioMSAR™ in Q1 2024 provided the relevant permits are received in time.

Once the initial MSAR® or bioMSAR™ fuel has been loaded and the on-board systems commissioned, the vessel will be bunkering and burning bioMSAR™ through the initial Proof-of-Concept testing phase, followed by the

LONO trial, which is currently expected to be of 4,000-hour duration.

In addition to progressing this opportunity with MSC, the Company continues to assess strategic means and/or partnerships with the intention of accelerating the commercialisation of both bioMSAR™ and MSAR® for marine applications.

Utah – Our project in Utah, USA with Valkor Technologies LLC (“Valkor”) involves the use of MSAR® technology to emulsify low-sulphur heavy oil. Valkor has interests in multiple

projects at the Asphalt Ridge site with anticipated oil deposits of billions of barrels. Valkor plan to recover heavy oil from oil-sand and sub-surface oil deposits at their Primary Project Site (“PPS”) at Asphalt Ridge using production methods that mitigate greenhouse gas emissions. Crucially, by using Quadrise technology, the viscosity of the extracted heavy oil is reduced, facilitating transportation whilst avoiding the use of costly diluents or excessive heat in the supply chain. The resulting MSAR® or bioMSAR™ produced is an alternative to very low sulphur fuel oil (<0.5%S “VLSFO”) or biofuels used in multiple industrial, power and marine fuel applications. Oil samples from the PPS supplied by Valkor were successfully converted to both MSAR® and bioMSAR™ by our RDI team in 2022.

Valkor is leading activities for the award of drilling permits at Asphalt Ridge as follows:

- Valkor undertook successful exploration drilling and optimisation of oil sands processing technologies during 2022.
- In December 2022, and on behalf of their project partners Heavy Sweet Oil LLC (“HSO”) and AC Oil LLC (“ACO”), Valkor submitted a pilot drilling development plan to the State of Utah’s Board of Oil, Gas and Mining (the “OGM Board”) and the permits for this were awarded subject to technical approval by the Utah Division of Oil, Gas and Mining (the “Division”).

- Once technical approval is received (expected by Valkor to be in early October 2023), Valkor plan to commence pilot drilling at the PPS in October 2023 and in parallel submit Underground Injection Control permit applications for the subsequent injection of steam for enhanced heavy oil recovery.
- Using standard well spacing of 40 acres, Valkor expect to be able to drill up to 12 wells under the pilot development plan approved by the OGM Board in December 2022 and managed by the Division, upon receipt of technical approvals as stated above.
- In addition to the pilot drilling programme,

there was insufficient evidence of heavy oil properties and sub-surface locations within the planned area to support the Plan as submitted.

- It is important to note that the OGM Board’s decision on the Unitisation plan does not impact Valkor’s intention to drill the pilot wells conditionally granted by the Board in December 2022. Pilot well drilling would then potentially support a further PPS Unitisation Plan application in due course. Valkor are also managing conventional oil sands projects for other clients that are not subject to associated approvals for drilling or Unitisation.
- Valkor are now actively seeking minimum project financing of US\$15 million

In June 2023, Quadrise signed a Site License and Supply Agreement (“SLA”) with Valkor. Under the SLA, Quadrise has granted Valkor the exclusive right and licence to use its technology at the PPS and to market the fuel on a non-exclusive basis from Utah.

Valkor, on behalf of project sponsors HSO and ACO, applied for approval of a Unitisation Plan. This allows for up to 119 wells to be drilled at Asphalt Ridge, using a reduced well spacing of 2.5 acres. The OGM Board met in August 2023 to review the Plan, and this was, for the moment, declined. Their view was that without a producing well in place,

which is required in order to progress their activities at the PPS planned for Q4 2023.

In June 2023, Quadrise signed a Site License and Supply Agreement (“SLA”) with Valkor. Under the SLA, Quadrise has granted Valkor the exclusive right and licence to use its technology at the PPS and to market the fuel on a non-exclusive basis from



Utah. In exchange, Valkor will pay Quadrise US\$1.0 million subject to receipt by Valkor of a minimum US\$15 million of PPS project financing referred to above, which Valkor expect to receive in Q4 2023.

Further conditionality in the SLA, relating to the award by the Division of the drilling and underground injection permits for the PPS, was waived by Valkor in August 2023, based on the positive progress already made on these activities. Also under the SLA, Valkor will pay Quadrise a further US\$0.5 million upon delivery of an MSAR Manufacturing Unit ("MMU") to the PPS, again, subject to Valkor's receipt of the minimum project financing.

The Company is in regular contact with Valkor, who remain confident of receipt of the minimum project financing of US\$15 million in the near term, however, until this is received there remains a risk that the aggregate US\$1.5m due to Quadrise is significantly delayed or not received at all.

Following Valkor's receipt of the MMU, Quadrise will provide engineering and other support services for a minimum of two years in exchange for a quarterly retainer of US\$75,000. Valkor may then choose to purchase the technology and MMU for a further US\$1.0 million.

A non-binding Heads of Agreement has also been entered into between the parties which sets out the basis on which Quadrise and Valkor will seek to agree a conditionally exclusive Sub-License Agreement to be granted to Valkor covering the state of Utah, as well as the terms on which the resulting net profit generated will be shared between Quadrise and Valkor.

Morocco – In June 2022, QIL signed a new Material Transfer & Cooperation Agreement with its client in Morocco, a major chemicals company, under which QIL will manufacture trial quantities of MSAR[®] and bioMSAR[™] for the purpose of an industrial demonstration test at the client's 'Site-B' facility. QIL will then provide the client with a written report on the efficacy of using MSAR[®] and bioMSAR[™]. Provided the client-specified deliverables regarding performance and product quality are met, the parties will enter into discussions for a potential commercial supply of MSAR[®] and/or bioMSAR[™]. In parallel with preparations for the site demonstration tests, Quadrise has completed a technical and economic feasibility study

for a potential additional industrial demonstration test at a second site of the client. This additional industrial demonstration test will be subject to future agreement, once confirmed.

Following the signature of the new Agreement, volumes of MSAR[®] and bioMSAR[™] were produced by Quadrise at a site in Europe and shipped to Morocco in Q4 2022. Due to the process of clearing a new fuel through Moroccan customs, the commencement of the MSAR[®] demonstration test was subject to delays, with 60mt of MSAR[®] and 10mt of bioMSAR[™] arriving at Site B in late February 2023. Following the completion of the site engineering set up, and finalisation of the client's production schedule, the trial formally commenced in May 2023.

Cold start-up of the client's commercial unit was carried out and the initial unit combustion warm-up sequence was tested using MSAR[®] fuel. Whilst running at 100% load a mechanical component in the pumping and heating unit ("PHU") failed progressively. This reduced the available unit load achievable from the burner, and it became impossible to complete the testing during May as originally planned. The parties agreed to pause the trial so that the client could complete their scheduled production run, and the respective pump could be replaced. Unfortunately,



it was not possible to complete the test at full load due to a progressive decline in replacement fuel pump performance on several occasions during August 2023, indicating a design issue with the pump units at high pressure.

A replacement pump of alternative design from a new supplier has been expedited to Morocco, installed in the PHU and commissioned by the Quadrise team. The trial is now expected to be completed in October 2023, following maintenance of the client's commercial unit where the testing was carried out in September. The client remains supportive of the Company's efforts to resolve this final issue and progress the commercial trial at the next available opportunity.

Upon successful conclusion of the trial, the parties will enter discussions for potential commercial supply, in addition to concluding agreements for testing at other client sites as required. Commercial supply will be dependent on the Company

being able to source appropriately situated and priced feedstock.

Other projects – QIL signed a Letter of Intent in Q1 2023 with a central American power provider outlining our mutual intent for a commercial test of MSAR[®] and bioMSAR[™] at the provider's power plant, with the conclusion of a Test Agreement and site trial being the precursors for entry into a Fuel Supply Agreement. Discussions are ongoing and we originally expected agreements to be finalised during Q4 2023. However, the region is experiencing a significant and extended drought that is forcing the electricity sector into an ongoing emergency situation as hydroelectric dams are generating less power, and all other power plants are running at full capacity in order to close the gap. Therefore, the opportunity to conduct a site trial is delayed. Together with our local agents, we continue to explore other opportunities in the region. Efforts continue to progress activities in Mexico with the state oil company (Pemex) and utility operators.

In December 2022, Quadrise received and successfully commissioned our prototype 5 tonne per hour emulsion system that will be used for the production of MSAR[®] and bioMSAR[™] fuels for site trials and potential 'blend-on-board' ("BoB") testing on marine vessels. BoB involves installation of an MSAR[®] Manufacturing Unit ("MMU") and associated equipment

on board a marine vessel, with MSAR[®] and bioMSAR[™] produced on board. This allows vessels additional routing flexibility as well as simplifying the MSAR[®] and bioMSAR[™] supply chain. A joint patent application with Nouryon was filed in April 2023 covering BoB. Quadrise has received enquiries from a number of marine operators regarding BoB which are in the scoping phase of project development and BoB is also under investigation as part of the MSC framework agreement. QIL is currently in discussions with a refinery in Asia who are interested in using this unit to conduct a refinery refuelling trial using MSAR[®] in advance of a potential commercial agreement.

bioMSAR[™] and bioMSAR[™] Zero development - During the period, Quadrise has successfully tested bioMSAR[™] produced using glycerine sourced from a variety of European suppliers in advance of commercial vessel trials with MSC. In parallel the Company has been investigating alternative feedstocks to glycerine for bioMSAR[™] and oil-soluble biofuels that would allow the development of a commercial net-zero version, 'bioMSAR[™] Zero', by 2030. As part of this work, following the June 2023 signature of a Joint Development Agreement with BTG Bioliquids, their propriety pyrolysis bio-oils (FPBO) and related sugars have been tested at the Company's

research facility QRF, with successful bioMSAR™ blends being produced using the sugars. In addition, Quadrise successfully produced stable blends of bioMSAR™ containing up to 40% of Vertoro's crude sugar oil (CSO™) at pilot scale. Engine tests of CSO

prominent in driving the business case for MSAR® and bioMSAR™ technology. In the United States, the Inflation Reduction Act has created a favourable environment for energy decarbonisation technologies which we look forward to capitalising upon with our partners, Valkor.

against competing biofuels in certain bunker locations. Market conditions and trends therefore provide a favourable environment for Quadrise to progress its contract discussions and business development activities on all fronts.

During 2022-23, we have seen energy security, climate change and fuel costs rise to the top of the policy agenda for governments and businesses alike, and the need for solutions such as ours has never been more vital. The positioning of Quadrise as an energy decarbonisation enabler is an important statement of intent to progress licence agreements and commercial-scale trials which are expected to lead to supply contracts and commercial revenues from MSAR® and bioMSAR™.

In parallel the Company has been investigating alternative feedstocks to glycerine for bioMSAR™ and oil-soluble biofuels that would allow the development of a commercial net-zero version, 'bioMSAR™ Zero', by 2030.

bioMSAR™ demonstrated improved engine efficiency, as well as lower NOx and visible particulate emissions during use when compared to conventional diesel. A joint patent application with Vertoro was filed in August 2023 covering CSO bioMSAR™. Further testing will now take place including the Vertoro CSO and BTG Bioliquids sugars feedstocks in bioMSAR™ fuels at reputable third-party testing facilities.

The introduction and implementation of environmental regulations, particularly in Europe, is expected to increase biofuel use in our target sectors. Shipping is now included in the EU ETS and Fit-for-55 regulations, which are expected to increase

In March 2023, the Group rebranded as Quadrise plc to better align with our focus on energy decarbonisation and carbon mitigation.

Outlook

In March 2023, the Group rebranded as Quadrise plc to better align with our focus on energy decarbonisation and carbon mitigation. Our annual Sustainability Report, launched in November 2022, provides valuable insights into our environmental contributions and commitment to create a net-zero fuel by 2030.

Environmental considerations and emissions regulations are becoming ever more

the use of marine biofuels from 2024 for most vessels operating within or near EU waters. Revenues raised in the sector via the ETS are to be reinvested into an Innovation Fund reserved for sustainable shipping, the protection of maritime habitats and for funding programmes to decarbonise the maritime sector. Additionally, subsidies are still available for renewable waste-based biofuel feedstocks such as glycerine that should enhance the attractiveness of bioMSAR™

The energy sector is experiencing significant shifts, with energy security, climate change, and fuel costs taking centre stage. Quadrise remains dedicated to its mission and appreciates the ongoing support of our shareholders in seeking to shape a cleaner future.



Jason Miles

Chief Executive Officer
29 September 2023

STRATEGIC REPORT

For the year ended 30 June 2023

Principal Activity

The principal activity of the Company is to develop markets for its proprietary emulsion fuels, MSAR® and bioMSAR™ as low-cost, more environmentally friendly substitutes for conventional heavy fuel oil (“HFO”) and biofuels for use in power generation plants, industrial and upstream oil applications, and marine diesel engines.

Business Review and Future Developments

A full review of the Group’s activities during the year, recent events and future developments is contained in the Chairman and CEO Statements on pages 8 and 10.

Key Performance Indicators

The Group’s key performance indicators are:

- Development and commercial performance against the Group’s business model and project timetables established with partners and clients, and
- Financial performance and position against the approved budgets and cashflow forecasts.

The Board regularly reviews the Group’s progress against

the key performance indicators above, with a review held at least monthly with Non-Executive Directors. The commercial performance of the Company and each of the Company’s key projects and business development opportunities are discussed at length in the Chairman and CEO Statements.

Each year, a detailed two-year budget and cash forecast is prepared by the Executive team, and following an extensive review process, is then approved by the Board. Performance against budget and updated cash projections are included within the monthly management accounts issued to and reviewed by the Board.

For the year ended 30 June 2023, progress against the Group’s business model was slower than anticipated, with delays to key projects as discussed in the CEO statement on pages 10 to 15. The financial performance of the Group was ahead of budget due to lower than forecast expenditure on operations, staff and consulting costs and net project expenditure as a result of delays to project timetables.

Going Concern

The Group had a cash balance of £1.34m as of 30 June 2023. In July 2023,



the Company raised funds of £1.94 million (before expenses) via a placing and subsequent open offer of new ordinary shares in the Company. Based on the latest Company forecasts which assume the anticipated and important receipt of an aggregate of US\$1.5m from Valkor as described above, these funds are expected to be sufficient to reach forecast commercial revenues and cover net project expenditure and fixed costs up to the end of June 2024. Additional funding will be required beyond this point to bridge the gap to the generation of sustainable positive cashflows, which are currently planned to commence in H2 2025. The Directors have determined that the continuation of the Group as a going concern will be dependent upon successfully raising sufficient funds in the future to bridge this gap and the prior receipt of the Valkor income. The Directors have a reasonable expectation that such funds

will be raised, although no binding funding agreements are in place at the date of this report, and have therefore determined that it is appropriate to prepare the financial statements on a going concern basis. However, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty. This may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. For further details behind the judgments and estimations used by the Directors in reaching this determination, refer to note 3.

Longer term viability statement

In reaching its conclusion on the going concern assessment and longer-term viability of the Group, the Board reviewed the Group's three-year cash flow forecasts which cover the period to revenue generation and positive cashflow. This period is applicable because it extends to the point at which the Group is forecast to be generating sustainable positive cashflows. The Board reviewed the underlying assumptions in this cashflow, together with sensitivity analysis performed on these projections. The Board believes these forecasts are based on a prudent

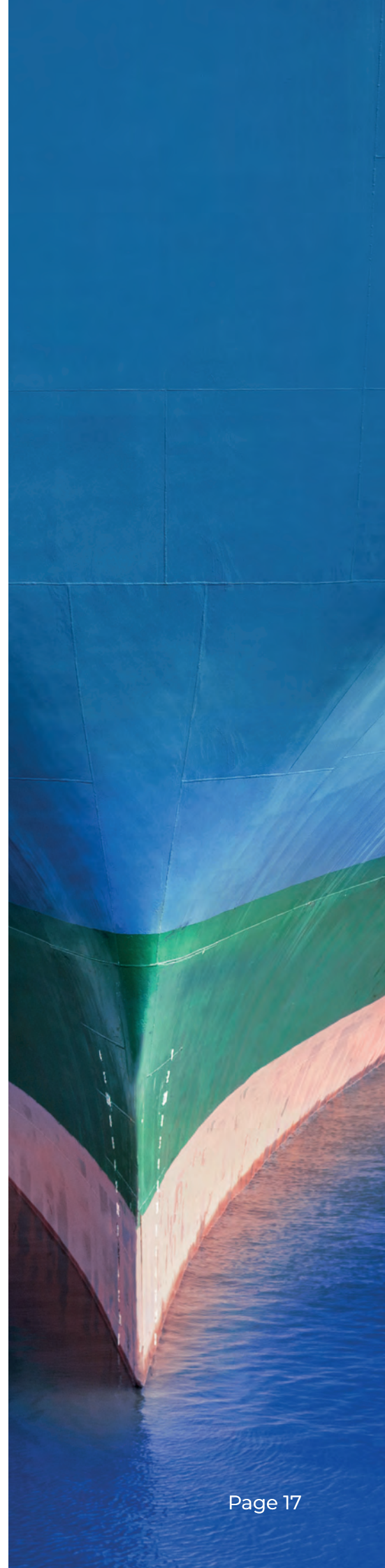
assessment of the Group's prospects and target markets, taking account of reasonably possible scenarios given current market and economic conditions. The risks outlined below have been considered by the Board in their determination of longer-term viability, most significantly 'Delay in commercialisation of MSAR® and funding risks' and 'No profit to date'.

In its sensitivity analysis and review of underlying assumptions, which cover these risks, the Board looked at delays in project timelines or that certain projects might not be realised. The impact on the Company's longer-term viability is that the timing and level of funds required to take the Group to the point of sustainable positive cashflows is then affected. However, the Board consider that the Group remains viable in the longer term under the sensitivities modelled.

The Board therefore has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, provided it is in receipt of the Valkor income and is able to raise the funding required as outlined in the Going Concern note above.

Climate Change

As discussed in both the Chairman's and CEO's statements on pages 8 to 15, our bioMSAR™ technology



offers an alternative to HFO with over 25% lower CO₂ emissions. The Directors believe that the growing global emphasis on the COP 26 Goals, specifically the goal of transition to global net-zero carbon by 2050, present Quadrise with increasing opportunities to assist marine, power and industrial clients in obtaining a cost-effective solution to lowering their carbon emissions. Government actions to reduce climate change therefore provide opportunities to Quadrise, but the Board acknowledges that the Company may also be presented with additional risks due to these actions.

Risks, including those introduced by climate change and governmental actions to reduce climate change, are discussed in the next section.

Principal Business Risks

Each year in the second quarter, the Audit Committee assists the Executive Team in a structured zero-based re-assessment of the Company's emerging and principal risks. The review considers each operational sector and organisational level including the Company's research and development facility, QRF, and risks are then triaged for the Company as a whole. The risk level is determined by its probability, impact on the Company, and whether the risk has increased or decreased over the last 12 months. A summary

of "Principal Risks and Uncertainties" is reviewed at a Board meeting. Subsequently a Risk Mitigation Strategy and Action Plan is incorporated into the annual Business Planning exercise conducted in June.

The principal risks identified during this exercise, ranked in order of the likelihood of occurrence, are set out below. These may not include all the risk factors that could affect future results. Actual results could differ materially from those anticipated because of these and various other factors, and those set forth in the Group's other periodic and current reports filed with the authorities from time to time.

Receipt of funds from Valkor

The Company's cashflow forecasts assume the receipt of an aggregate of US\$1.5m of revenues from Valkor, which, together with the £1.34m cash balance as at 30 June 2023 and the £1.94million (gross) raised via the July 2023 placing and open offer, are expected to be sufficient to reach forecast commercial revenues and cover net project expenditure and fixed costs up to the end of June 2024. At the date of this report, there remains a risk that the \$1.5m from Valkor is either not received or is significantly delayed, in which event the Company's ability to progress its projects will be at risk without further funding. The Group mitigates this risk by maintaining

strong control over its pre-revenue expenditure, as well as by actively evaluating strategic initiatives that would de-risk and/or facilitate the delivery of the Group's key objectives.

Environmental constraints, climate change and decarbonisation

The increasingly hostile public attitude towards fossil fuels is a significant challenge resulting in a rapid move away from hydrocarbons towards fully renewable fuels. Whilst MSAR[®] provides considerable environmental advantages, and bioMSAR[™] offers the added benefits of carbon reduction, neither offer a net-zero carbon solution. The Group mitigates this risk by continuing to invest in research and development to pursue 'net-zero' carbon fuel solutions as part of its aim to be at net zero by 2030 and pursue business opportunities that will assist in the achievement of this goal. The Company provides progressive decarbonisation solutions for applications such as shipping, where the existing legacy fleet will be in service for many years to come.

Market scope and risk

Aligned with the constraints above, and faced with the move away from hydrocarbons, the Group must still progress its MSAR[®] and bioMSAR[™] endeavours into a volume business. The Group mitigates this challenge by continuing to promote the environmental

contribution of MSAR® and bioMSAR™ and explaining the assured ongoing contribution of hydrocarbons to the global energy mix. The Group further mitigates this risk by increasing the potential applicability of Quadrise technology to various sectors, as evidenced by the opportunities in the upstream and industrial sectors discussed in the CEO's Statement. Nevertheless, the marketability of our fuels is affected by numerous factors beyond the control of the Group, for example the variability of price spreads between light and heavy oils, the relative cost of biofuel components, and the relative competitiveness of oil, gas, biofuel and coal prices both for prompt and future delivery.

Commercial return

The Group has made considerable progress in its rapid development and enhancement of bioMSAR™ whilst continuing to advance commercial opportunities for MSAR® and reduce its treat costs in the face of changes to fuel oil-gasoil spreads. During the product development of bioMSAR™ there remain the considerable challenges of testing, feedstock availability (see below), glycerine treatment options, formulation costs and commercial feasibility still to overcome. There is a risk the Group will not achieve a commercial return due to major unanticipated change in a key variable or,

more likely, the aggregate impact of changes to several variables which results in sustained depressed margins.

The competitive position could be affected by government regulations concerning taxation, duties, specifications, importation and exportation of hydrocarbon fuels and environmental aspects. Freight costs contribute substantially to the final cost of supplied products and a major change in the cost of bulk liquid freight markets could have an adverse effect on the economics of the fuels business. The Group would mitigate this risk through establishing appropriate flexibilities in the contractual framework, offtake arrangements and price risk management through hedging.

Feedstock sourcing - MSAR®

IMO2020 has impacted high sulphur residue supply, and MSAR® economics are vulnerable to changes in fuel oil-gasoil spreads. Securing low-cost residue looks increasingly challenging. There is a risk in respect of appropriately located residues and ongoing price competitive availability of such feedstock as oil refiners seek to extract more transportation fuels from each barrel of crude using residue conversion processes. The Group mitigates this risk where possible by utilising its deep understanding of the global refining industry, targeting qualifying suppliers matched to prospective major consumers. An MSAR®

commercial contract would motivate candidate feedstock suppliers to expedite feedstock supply.

Feedstock sourcing - bioMSAR™

Whilst sufficient quantities have been identified for immediate trial purposes, the volumes and quality of renewable glycerine required for a substantial commercial marine or industrial bioMSAR™ contract are beyond those readily accessible. To mitigate this the Company is rapidly increasing its knowledge of current and potential glycerine sources and engaging with suppliers. Clearly a commercial contract would again stimulate this market and thus expedite feedstock supply. The Company is researching other renewable feedstocks that could be utilised together with, or instead of glycerine, such as Vertoro's CSO™ biofuel.

Delay in commercialisation of MSAR® and funding risks

There is a risk that the commercialisation of MSAR® and bioMSAR™ could be delayed further, or unforeseen technical and/or commercial challenges arise. This could mean that the Group may ultimately need to raise further equity funds to remain operational. Depending on market conditions and investor sentiment, there is a risk that the Group may be unable to raise the required funds when necessary. The Group mitigates this

risk by maintaining strong control over its pre-revenue expenditure, keeping up the momentum on its key projects and maintaining regular contact with the financial markets and investor community.

Technological risk

There is a risk firstly that the markets for MSAR® and bioMSAR™ fuels adopt alternative fuels, making these technologies redundant or secondly that the technology used for their production may not be adequately robust for all applications. This is in respect of the character and nature of the feedstock and the parameters of transportation and storage pertaining to a specific project. This risk may jeopardise the early commercialisation of the technology and subsequent implementation of projects; or give rise to significant liabilities arising from defective fuel during plant operations. The Group mitigates this risk by ensuring that its highly experienced key personnel are closely involved with all areas of MSAR® and bioMSAR™ formulation and manufacture, and that the fuel is thoroughly tested before being put into operational use.

Competition risks

There is a risk that new competition could emerge with similar technologies sufficiently differentiated to

challenge the Company's process. Were such competition to emerge, this could result, over time, in further price competition and pressure on margins beyond that assumed in the Group's business planning.

This risk is mitigated by the limited global pool of expertise in the emulsion fuel market combined with an enhanced R&D programme aimed at optimising cost and performance and protection of intellectual property. The Group also makes best use of scarce expertise by developing close relationships with strategic counterparties such as Nouryon while ensuring that key employees are suitably incentivised.

Environment, Social and Governance risks (ESG)

Quadrise is committed to providing safer, cleaner and more affordable energy. By leveraging our extensive RDI capabilities, and through continuous improvement processes, Quadrise aims to be carbon-neutral by 2030. Furthermore, high standards of corporate governance have always been a strength and this places the Company in the top tier of AIM companies. We maintain this commitment by adopting the highest disclosure standards of the UK Corporate Governance Code, through the experience and commitment of our Non-executive Directors and by following stringent Board policies and procedures.

The Company works to exceptional health, safety, environmental protection and quality standards, with strong risk management processes in place, all of which are supported by a first-class team of professional advisors.

Other Business Risks

Dependence on key personnel

The Group's business is dependent on obtaining and retaining the services of key personnel of the appropriate calibre as the business develops. The success of the Group will continue to be dependent on the expertise and experience of the Directors and the management team, and the loss of personnel could still have an adverse effect on the Group. The Group mitigates this risk by ensuring that key personnel are suitably incentivised and contractually bound.

Environmental risks

The Group's operations are subject to the environmental risks inherent in the oil processing and distribution industry. The Group is subject to environmental laws and regulations in connection with all its operations. Although the Group ensures compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that

could expose the Group to potential liability.

Further, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals may prevent or delay such activities. The Group is unable to predict definitively the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business, or affect its operations in any area of its business. The Group mitigates this risk by ensuring compliance with environmental legislation in the jurisdictions in which it operates, and closely monitoring any pending regulation or legislation to ensure compliance.

No profit to date

The Group has incurred aggregate losses since its inception, and it is therefore not possible to evaluate its prospects based on past performance. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

Corporate and regulatory formalities

The conduct of petroleum processing and distribution requires compliance by the Group with numerous procedures and formalities in many different national jurisdictions. It may not in all cases be possible to comply with or obtain waivers of all such formalities. Additionally, functioning as a publicly listed Company requires compliance with the stock market regulations. The Group mitigates this risk through commitment to a high standard of corporate

governance and 'fit for purpose' procedures, and by maintaining and applying effective policies.

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

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and conducts its principal activities. The Group has no direct exposure to the Ukraine/Russia conflict.



Andy Morrison

Non-executive Chairman
29 September 2023



DIRECTORS' SECTION 172 STATEMENT

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

The Board of Directors acknowledge that they have a statutory duty under s172 (1) (a-f) of the Act to promote the success of the Group for the benefit of the members considering broader stakeholder interests, and notably having regard to:

- a) the likely consequence of any decision in the long term: see the 'Outlook' section of the CEO's statement on page 15, and principal business risks on page 18.
- b) the interests of employees: The Group's employees are fundamental to the delivery of its strategy. The Board has prioritised fair remuneration arrangements for employees and undertakes regular communication updates in an open environment. Decisions to maximise the resilience of the business, preserve cash and minimise risk are taken after prioritising the continued employment of those employee roles that are instrumental to the success of the business.
- c) the need to foster business relationships with advisors, partners, suppliers, potential MSAR[®] and bioMSAR[™] consumers and producers and others: As a small team of only nine employees, it is essential to the Group that close relationships are fostered. The Group has healthy longstanding relationships with its key counterparties, based on open and supportive channels of communication and ensuring that payment of invoices to suppliers is made on a timely basis.
- d) the impact of operations on the community and the environment: Use of MSAR[®] fuel contributes to the solution of key environmental problems, reducing black soot emissions and producing less NO_x and SO_x emissions compared to HFO. The energy requirements for handling and transporting MSAR[®] are lower than fuel oil, and pre-atomisation means that MSAR[®] fuel can be burned at lower





temperatures than fuel oil, further reducing energy consumption during use. The Board believe that MSAR[®] use could provide a safer, cleaner and more affordable energy and a pathway to a more sustainable future. The many environmental benefits of MSAR[®] technology (as discussed on the company's website <https://www.quadrise.com/esg/environmental/>) have considerable potential to contribute to wider society.

e) the desirability of the Group maintaining a reputation for high standards of business conduct: The Group has always adopted the highest disclosure standards of the UK Corporate Governance Code; the Board of Directors contains experienced, independent Non-executive Directors who follow stringent Board policies and procedures. The Group works to high HSEQ standards, with strong management procedures in place, and supported by a first-class team of professional advisors.

f) the need to act fairly between members of the Company: The Board endeavours to keep shareholders fully informed (within the usual disclosure constraints) on the Company's strategic development plans, and welcomes the views of shareholders, as evidenced during the year by the open question and answer session following the Annual General Meeting on 25 November 2022. This has been further demonstrated by the investor conference calls, media interviews, presentations, and regular updates to the Company's website that have occurred throughout the year.

The Strategic Report was approved by the Board of Directors on 29 September 2023 and was signed on its behalf by:

Andy Morrison
Non-executive Chairman
29 September 2023

DIRECTORS



Andy Morrison
Non-Executive
Chairman

Andy is a director of growth businesses with almost forty years of experience encompassing major multi-national corporations and junior public companies. Andy spent 17 years at Shell plc in their oil products, lubricants and speciality chemicals divisions, where his roles included VP positions in sales, marketing, trading and strategy. Andy then held senior positions at BG Group plc and BOC Group plc in Corporate Strategy and New Business Development respectively. Since 2007, Andy has led a number of junior listed companies in both the energy and ESG sectors, where he has significant experience covering restructuring, turnarounds, new listings and acquisitions. Andy holds a first-class bachelor's degree in chemical engineering and fuel technology from the University of Sheffield.



Jason Miles
Chief Executive Officer

Jason spent over twelve years of his career prior to Quadrise developing emulsified fuel projects; initially as a process engineer for BP and subsequently for PDVSA, as Business Development Manager where he implemented numerous Orimulsion® projects globally. Jason has an honours degree in chemical engineering from Loughborough University and an Executive MBA from the Cass Business School in London and is a chartered Chemical Engineer. Jason has extensive emulsion fuel and oil market knowledge and is responsible for managing MSAR® business development, project delivery and commercialisation of the refining, power, marine and industrial sectors.



Laurie Mutch
Non-Executive Director

Laurie is a management consultant to multi-national organisations and an adviser to numerous UK charities. He had 25 years' experience in the energy industry with the Royal Dutch/Shell Group where he sat on the Board of Shell International Gas & Power, as Executive Director for business development in the Eastern Hemisphere. From 1994 to 1996, he was the Finance Director in Shell International Gas, and a senior adviser to the International Energy Agency. Prior roles include senior management positions in Shell's Coal and Chemical Divisions. During his last two years of service, he was Group Chief Information Officer. Laurie holds a BSc in Mathematics & Physics and an MSc in Astrophysics. He is chairman of the QED Audit and Funding committees and a member of the Compensation and Nominations committees.



Dilipkumar Shah
Non-Executive Director

Dilip brings with him over 25 years of commercial experience in trading, finance, manufacturing and distribution. Dilip has most recently been involved in trading and manufacturing in West Africa with focus on Nigeria, Democratic Republic of Congo and Ghana. He is a founder member of various successful companies in West Africa involved in the distribution of fertilizers, chemicals, tobacco related products and the manufacture of food products. In addition, he serves on the boards of several private UK and international companies.



Philip Snaith
Non-Executive Director

Philip has spent more than 35 years with the Royal Dutch Shell Group in senior executive positions, latterly as General Manager of Shell International Trading & Shipping Company Limited in London. Between 2004 and 2008, Philip spent four years in Singapore as President of Shell International Eastern Trading Company – with responsibility for the Asia-Pacific trading portfolio. Concurrent with this executive position, he was a Non-executive Director of Shell Eastern Trading Company (Pte) Ltd, with annual revenues of around US\$55 billion, and was also Chairman of both Shell Tankers Singapore (Pte) Ltd and Shell International Shipping Services (Pte) Ltd. Philip holds an MBA from Cranfield University, a BSc (Physics) from Imperial College and a Diploma in Marketing (Dip.M) from the UK Chartered Institute of Marketing. Philip is a member of the QED Audit committee, and Chairman of the Compensation and Nominations committees.

DIRECTORS' REPORT

The Directors present their report together with the audited accounts of Quadrise plc (“the Company”), and its subsidiaries, (“the Group”) for the year ended 30 June 2023.

Results and Dividends

The consolidated loss from continuing operations after taxation for the year ended 30 June 2023 was £3.1m (2022: £2.6m). The Directors do not recommend the payment of any dividend for the year (2022: £nil).

Directors

Those who served as Directors during the year are:

- Andy Morrison (Non-executive Chairman)
- Jason Miles (Chief Executive Officer)
- Laurence Mutch (Non-executive Director)
- Dilipkumar Shah (Non-executive Director)
- Philip Snaith (Non-executive Director)

Resolutions to elect Dilip Shah who will retire as a Director by rotation under the Company's Articles of Association, will be proposed at the Company's 2023 Annual General Meeting.

Directors' Interests

The interests of the Directors holding office at 30 June 2023 were as follows:

Number of shares held:

Directors	30 June 2023 Ordinary Shares of 1p each	30 June 2022 Ordinary Shares of 1p each
Andy Morrison	700,000	-
Jason Miles	3,905,988	3,905,988
Laurence Mutch	522,107	522,107
Philip Snaith	506,649	506,649
Dilipkumar Shah	170,000	170,000

Number of share options held:

Directors	30 June 2023 Share options	30 June 2022 Share options	Exercisable up to
Andy Morrison	4,000,000	-	3 August 2030
Jason Miles	1,500,000	1,500,000	22 March 2024
	-	3,551,122	27 June 2029
	1,448,878	1,448,878	27 June 2027
	1,775,862	1,775,862	3 September 2029
	3,551,122	-	27 June 2029
Laurence Mutch	2,000,000	2,000,000	27 June 2027
	4,000,000	-	3 August 2030
Dilipkumar Shah	500,000	500,000	27 June 2027
	2,000,000	-	3 August 2030
Philip Snaith	2,000,000	2,000,000	27 June 2027
	4,000,000	-	3 August 2030

Substantial Shareholders

The Board was aware of the following interests of 3% and over of the issued share capital of the Company as at the date of this report.

	Nature of holding	Number of ordinary shares held	Percentage of issued share capital and voting rights
Hargreaves Lansdown	Indirect	347,818,628	22.60%
Interactive Investor	Indirect	252,263,449	16.15%
HDSL	Indirect	156,233,122	10.00%
Barclays Smart Investor	Indirect	89,991,110	5.76%
AJ Bell	Indirect	82,140,380	5.26%
Ruudowen Limited	Direct	62,839,261	4.02%
HSBC Private Bank	Indirect	51,699,771	3.31%

Financial Instruments

The Group's principal financial instruments comprise cash balances and other payables and receivables that arise in the normal course of business. The risks associated with these financial instruments are disclosed in note 22.

Research and Development

The Group continues to invest in research and development associated with the formulation and manufacture of MSAR® and bioMSAR™ proprietary emulsion fuel. Further information regarding the research and development activities of the Group is contained in the Chief Executive's Statement.

Future Developments

Further information regarding the future developments of the Group is contained in the Chief Executive's Statement.

Directors' Liabilities

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' liability insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Disclosure of Information to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he ought to have taken as a Director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution to appoint PKF Littlejohn LLP will be proposed at the next Annual General Meeting.

Board Committees

Information on the Audit and Compensation committees is included in the Corporate Governance section of the Annual Report.

Annual General Meeting

The Annual General Meeting will be held on Monday 27 November 2023 as stated in the Notice, which accompanies this Annual Report.

By order of the Board.

MSP Corporate Services Limited

Company Secretary
29 September 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 for reporting year ended 30 June 2023.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have

been followed, subject to any material departures disclosed and explained in the financial statements;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

They are further responsible for ensuring that the Strategic Report and Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Quadrise plc website is the responsibility

of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.



Andy Morrison
Non-executive Chairman
29 September 2023

REPORT ON DIRECTORS' REMUNERATION

Key Management Remuneration

The Compensation Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for all key management personnel, regarded as the executive Directors and Officers of the Group. The Compensation Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis and is guided by an approved remuneration policy and considers relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The Compensation Committee additionally links part of key management remuneration to the Company's financial and operational performance.

Details of the nature and amount of each element of the emoluments of each member of Key Management for the year ended 30 June 2023 were as follows:

Director	Short-term employee benefits £'000s	Social security costs £'000's	Post-employment benefits £'000s	Other benefits £'000's	Share option benefits* £'000's	Total 2023 £'000s	Total 2022 £'000s
Andy Morrison ¹	72	9	-	-	24	105	34
Mike Kirk ²	-	-	-	-	-	-	7
Jason Miles	271	38	10	6	31	356	300
Philip Snaith	40	4	-	-	24	68	53
Laurence Mutch	40	4	-	-	24	68	61
Dilipkumar Shah	-	-	-	-	12	12	2
Total	423	55	10	6	115	609	457

¹ Appointed 1 February 2022.

² Resigned 26 November 2021.

* Non-cash share option expense.

Reconciliation of Share Options Granted to Directors

	30 June 2023 Number of share options	30 June 2022 Number of share options
As at 1 July	12,775,862	38,000,000
Granted during the year by QED	25,051,122	13,052,793
Exercised during the year	-	-
Resignation of Director	-	(16,776,931)
Expired during the year	(11,051,122)	(21,500,000)
As at 30 June	26,775,862	12,775,862

No share options were exercised by Directors during the year (2022: nil).

The market price of the Company's shares at the end of the reporting period was 2.10p (2022: 1.60p) and the range during the year was 1.00p to 2.75p (2022: 1.49p to 4.47p) per share.

Philip Snaith

Chairman of the Compensation Committee
29 September 2023

CORPORATE GOVERNANCE STATEMENT

Since admission to trading on AIM in 2006, the Company has adopted the UK Corporate Governance Code and at its Board meeting on 27 June 2018, the Board of the Company resolved to apply the UK Corporate Governance Code, published by the Financial Reporting Council, as revised in July 2018 (the "Code").

The Code sets standards for good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The provisions of the Code (the 2018 version of which the Board resolved to adopt) which apply to Quadrise plc are set out below.

Principles of the UK Corporate Governance Code

Board Leadership & Company Purpose

1. Effective and entrepreneurial board promoting sustainable success, generating value for shareholders and contributing to wider society.
2. Establish the company's purpose, values & strategy. Directors to act with integrity and promote the desired culture.
3. Ensure necessary resources to meet objectives and measure performance. Establish framework of controls which enable risk to be assessed and managed.
4. Ensure effective engagement with and encourage participation from shareholders and stakeholders.
5. Workforce policies and practices are consistent with the company's values and support long term sustainable success. Workforce able to raise matters of concern.
6. Chair responsible for board effectiveness. Promote a culture of openness and debate, facilitate constructive board relations and contribution of Non-executive Directors. Ensure accurate, timely and clear information.
7. Appropriate combination of Executive and Non-executive (particularly independent) Directors so that no one individual or group dominates. A clear division between board and company leadership.
8. Non-executive directors to have sufficient time to meet responsibilities and provide constructive challenge, strategic guidance, specialist advice and hold executive management to account.
9. Ensure policies, processes, information, time and resources required to function effectively and efficiently.
10. A formal, rigorous and transparent procedure to board appointment. Establish a succession plan for board and senior management, based on merit and objective criteria. Promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
11. Board and committees to have a combination of skills, experience and knowledge. Review length of service of the board with membership regularly refreshed.
12. The annual board evaluation to consider its composition, diversity and effective working together. Individual evaluation to demonstrate whether each director continues to contribute effectively.

Composition, Succession and Evaluation

Audit, Risk and Internal Control

- 13. Establish formal and transparent policies and procedures to ensure independence and effectiveness of internal and external audit functions. Satisfy itself on integrity of financial and narrative statements.
- 14. Present a fair, balanced and understandable assessment of company's position and prospects.

- 15. Establish procedures to manage risk, oversee internal controls and determine nature and extent of principal risks in achieving its long-term strategic objectives.

Remuneration

- 16. Policies and practices designed to support strategy and promote long-term sustainable success. Executive remuneration aligned to purpose and values and clearly linked to successful delivery of company's long-term strategy.

- 17. A formal and transparent procedure for developing policy on executive remuneration should be established. No director involved in deciding their own remuneration.

- 18. Directors to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.



Chairman's Corporate Governance Statement

Dear Shareholders,

Since its original listing in April 2006, Quadrise has applied strong corporate governance principles in all its endeavours. As an example, each year the Board has (albeit informally) tested itself against the then applicable UK Corporate Governance Code (the "Code") and endeavoured to act on any perceived deficiencies. The Company continues to consider the Code to be the gold standard for governance compliance and is the recognised corporate governance code to which the Company adheres.

We have provided details of the Code on our website and explain where we comply, and if not, why and if appropriate what corrective steps we are taking to address any deficiencies. This information is reviewed at least once each year and our website will disclose the review date.

As Chairman, it is my duty together with my fellow Board members to promote and apply good standards of corporate governance throughout our organisation. The Group benefits from a highly experienced Board, setting clear values and strategy whilst promoting a hands-on, friendly but professional culture.

The Company strives to keep our shareholders informed of material progress on our projects, but we acknowledge that this progress has not been as rapid as we would have liked, leading in some instances, to gaps in the provision of updates. However, we continue to receive positive responses from investors regarding our use of Investor Meet Company ("IMC"), and ensure that all questions, no matter how challenging, are answered either during the event or posted on the IMC website afterwards. Feedback from IMC is that we are a positive outlier in terms of the number of questions that we get asked and the diligence with which we answer them. We believe that this demonstrates a real commitment from the Company to treat our retail shareholders in the same manner as our institutional and longstanding high-net-worth shareholders – with the opportunity to directly ask questions of management on a regular basis.

Alongside IMC, we continue to use Proactive Investors for interviews around key areas, and regularly update our social media feeds (Twitter and LinkedIn) to provide background and supporting information to shareholders.

Whilst we regard the broadening of our channels to shareholders as helpful, it

is important to emphasise that all substantive announcements are made via RNS. As a Board we are fully aware of our responsibilities in this regard and we have regular contact with our high-quality advisory team including our NOMAD, brokers and our PR-IR and legal advisors. Our approach to the use of social media, blogs and other non-RNS news dissemination is always discussed in detail with our NOMAD to ensure that we are not revealing any material that should be disclosed via RNS. This open dialogue with our advisors ensures that the information that we provide via RNS meets the regulatory requirements of AIM – and that any supplementary information we disclose via other channels does not contain anything that is material or price sensitive.

The Company maintains a comprehensive suite of policies and practices appropriate for our size and stage of development. Each of these is reviewed and signed off by at least one nominated Executive or Non-executive Director with appropriate experience of the subject matter. The executive team frequently consult the Chairman of the audit, compensation and funding committees on planning, finance, legal and human resource matters.

In May and June each year the Board undertakes a structured risk assessment and the outcomes of this are incorporated in the annual Business Plan and the associated financial modelling.

I trust these few examples illustrate that the Company has a proactive and transparent approach to

oversight on behalf of all shareholders and those high standards of corporate governance are inherent in our culture.

The Company was delighted to hold an in-person AGM in November 2022, which was live-streamed via the IMC platform to shareholders unable to attend in person.

We will be continuing with this hybrid approach for our 2023 meeting, with the investor presentation and subsequent Q&A livestreamed via IMC.



Andy Morrison
Non-executive Chairman
29 September 2023



Application of the Code

In accordance with AIM Rule 26, the following describes how the Company complies with and where it departs from the Code together with an explanation of the reasons for doing so.

Board Leadership and Company Purpose

Principle A: Effective and entrepreneurial board promoting sustainable success, generating value for shareholders and contributing to wider society.

The Quadrise Board met formally on 11 occasions during the year ending 30 June 2023 in its endeavours to progress the announced relationships and potential projects more fully described above and in the Chairman's Corporate Governance statement to Shareholders.

Given the progress outlined in the Chairman and Chief Executive's statements, the opportunity for the Company to generate future value for shareholders remains sound in our view. Refer to further information under Provisions 1 and 14, and Principles F, G and H (Board effectiveness, Independence).

MSAR® and bioMSAR™ technology has many environmental benefits as reported elsewhere, and on the company's website <https://www.quadrise.com/esg/environmental/> and in this way has considerable potential to contribute to wider society.

Principle B: Establish the company's purpose, values & strategy. Directors to act with integrity and promote the desired culture.

Our mission is to be the leading emulsion-based energy solutions provider to benefit the environment and create value for our stakeholders. We aim to provide the best available technology, solutions, services and MSAR® and bioMSAR™ synthetic fuel oil products for our major, market-leading customers.

Our strategy is to work with global and regional companies in the refining, shipping, industrial and power-generation markets to develop, simultaneously, the capacity to both produce and consume MSAR® and bioMSAR™ emulsion fuels on a commercial scale and world-wide.

The Quadrise team of nine employees and directors are highly cohesive and motivated with a clear sense of purpose. The Company is privileged to have a highly experienced Board, setting values and strategy in our annual Business Plan, and adopting the highest standards of integrity whilst promoting a hands-on, friendly but professional culture. For further information refer to Provisions 2 and 8.

Principle C: Ensure necessary resources to meet objectives and measure performance. Establish framework of controls which enable risk to be assessed and managed.

We will continue to reduce costs where this is sensible within the business, without impacting our ability to deliver our business development plans, including the essential research and development support. This includes changes to the executive structure where appropriate.

Refer to Provisions 28: Assessment of Risks, and 29: Internal Controls, as well as the disclosures under Principles I and O.

Principle D: Ensure effective engagement with and encourage participation from shareholders and stakeholders.

Our AGM held on 25 November 2022 was a hybrid in-person/online event attended by 37 shareholders in person with a further 167 attending online. Through investor conference calls (4 October 2022, 12 July 2023) with an average of 189 shareholders on each call, media interviews, presentations and regular updates to the Company website, the executive team has endeavoured to keep shareholders fully informed (within the usual disclosure constraints) on the Company's strategic development plans. Refer to Provisions 4, 5, 6 and 7 for further information.

Principle E: Workforce policies and practices are consistent with the company's values and support long term sustainable success. Workforce able to raise matters of concern.

As a small and cohesive organisation, the Company is quickly alerted to any practices that are inconsistent with our values and determination to achieve long-term sustainable success. The Company nevertheless prides itself in having in place all of the standard procedures of a much larger corporation, together with a wealth of experience on the Board to address any workforce concerns. During the induction programme, new employees are encouraged to bring forward any concerns at any time including use of a Whistleblowing Policy. Refer to further disclosures in Provisions 2, 5 and 6.

Provision 1: Opportunities and risks to future success

The CEO's Statement in the 2023 Annual Report describes the MSAR® and bioMSAR™ market opportunities in the power generation, industrial, upstream oil and marine bunker fuel sectors. The risks associated with our endeavours have been demonstrated historically by the disappointments of the terminated trial project in KSA, and the marine fuel trial by Maersk. Principal Business Risks are

more fully covered on page 18 in the Annual Report. Notwithstanding the challenges faced in our key markets, the Board firmly believes in the sustainability of the Company's business model. Progress will not always be smooth, but we are well positioned to capitalise on past experience and the significant opportunities that we see going forwards. The Company would not be able to attract the attention of partners of this calibre without clear evidence of its standards of corporate governance.

Provision 2: Monitoring corporate culture

The Company does not formally assess and monitor culture – this being a small organisation, where any deviation from policy, practices and behaviour at odds with the Company's purpose and values would become quickly apparent to management. The Quadrise team can be described as cohesive and highly professional with a very clear sense of purpose. Team meetings are held weekly where project progress is reviewed, and remedial action taken. The performance of all employees is assessed annually together with a discussion on career development plans. The remuneration scheme for all employees includes the potential award of bonuses and options subject to company and personal performance.

Provision 3: Regular engagement with major shareholders

Refer to Disclosure under Principle D and Provision 7.

Provision 4: Action to be taken in the event there are 20% votes against a resolution

At the Company's AGM held on 25 November 2022, five ordinary resolutions, including in relation to the directors' authority to allot shares, were carried with at least 89.11% of votes in favour of the resolutions. Three special resolutions, concerning the disapplication of pre-emption rights in relation to the issue of shares for cash and for the purposes of financing, and the adoption of new articles of association, were carried with at least 88.96% of votes in favour of the resolutions.

Provision 5: Stakeholder engagement mechanisms

Being a small organisation with 9 employees, the Company can readily consider and respond to views put forward by the workforce and other key stakeholders. In view of this, the Company does not have a director appointed from the workforce, a formal workforce advisory panel or a designated non-executive director to engage with the workforce.

Provision 6: A means for the workforce to raise concerns

During the induction programme and subsequently, employees are encouraged to bring forward any concerns at any time including use of a Whistleblowing Policy. If appropriate the chairman of the compensation committee would be asked to investigate and seek external advice should this be necessary.

Provision 7: Identify and manage conflicts of interest

Both executive and non-executive directors meet and consult major shareholders within the usual disclosure constraints to surface and manage any potential conflicts of interest. Any related party transactions are reported in Note 23 to the financial results.

Provision 8: Board Minutes to record issues that cannot be resolved

The Board works hard to resolve any concerns about the management of the company and the operation of the Board. On occasions a director will request that the Board minutes record his divergent opinion from the majority view. A resigning non-executive director would be encouraged to provide a written statement to the chair if his resignation resulted from such a concern.

Division of Responsibilities

Principles F, G & H: Chair responsible for board effectiveness. Promote a culture of openness and debate, facilitate constructive board relations and contribution of Non-executive Directors.

Ensure accurate, timely and clear information. Appropriate combination of exec and non-exec (particularly independent) directors so that no one individual or group dominates. A clear division between board and company leadership.

Non-exec directors to have sufficient time to meet responsibilities and provide constructive challenge, strategic guidance, specialist advice and hold executive management to account.

Quadrise is privileged to have a highly qualified and practiced Board of directors of an unusual level of seniority and standing given the Company's moderate size and still early stage of development. Refer to Director Profiles on pages 24-25 of the Annual Report. The non-executive directors have a level of experience and gravitas that ensures a culture of openness and debate and provide the necessary challenge, guidance and advice. Detailed board papers are prepared a week ahead of meetings. For further information refer to Provision 8: Divergent opinions, Provision 10: Independence, Provision 15: Demands on time, and Provisions 16: Company Secretary.

With a non-Executive Chairman, there is a clear division between board and company leadership. Refer to Provision 9.

Principle I: Ensure policies, processes, information, time and resources required to function effectively and efficiently.

The Company has a digital Policies and Procedures Directory comprising some 100 policies in 22 business categories. The Policies and Procedures are intentionally kept short so that these are easy to refer to and update. Of note, each of these is reviewed and signed off by at least one nominated director (executive or non-executive) who is required to have considerable prior experience of the subject matter. Refer to Provision 29. QED has a comprehensive disaster recovery plan which is tested on a regular basis.

Expenditure and other authorities are subject to a tight Authorities Matrix, reviewed regularly by the Audit Committee.

The Company has implemented a GDPR policy and has online training facilities for Bribery and Corruption, GDPR and General Data Protection. Completion of this training is compulsory for all employees and directors.

Provision 9: The roles of chair and chief executive

Addressed under Division of responsibilities above. Jason Miles is the Company's CEO and Andy Morrison was appointed as non-Executive Chairman on 1 February 2022.

Provision 10: Independence of non-executive directors

The profiles and experience of the non-executive directors are provided on pages 24-25 of the Annual Report.

Non-Executive Chairman Andy Morrison has the appropriate experience as a former VP at Shell plc and holder of senior positions at BG Group plc and BOC Group plc, as well as leadership positions at junior listed companies in both the energy and ESG sectors. He is a shareholder and holds options in the Company. Mr Morrison has clearly indicated that these holdings do not and have not hindered

his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent.

Mr Snaith has the appropriate experience as a former senior executive of the Royal Dutch Shell Group to chair the compensation and nominations committees. He is a shareholder and holds options in the Company. Mr Snaith has clearly indicated that these holdings do not and have not hindered his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent.

Non-executive director Laurence Mutch is also a Director of Laurie Mutch & Associates Limited, which from time to time provides consulting services to the Group. The total fees charged for the 2023 financial year amounted to £nil (2022: £5k). He is a shareholder and holds options in the Company and has been a director since 2006. Mr Mutch has clearly indicated that these potential impairments do not and have not hindered his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent. He was a former senior finance director of the Royal Dutch Shell Group, and has current accounting (through his charity activities) financing, corporate governance and regulatory experience. He thus has the experience to chair the audit and funding committees.

Mr Dilip Shah is closely associated with significant shareholders, he is a shareholder and holds options in the Company and is not considered independent. Mr Shah retires by rotation with a resolution for his re-appointment to be proposed at the 2023 AGM

In view of their contribution to the Company, Mr Morrison, Mr Snaith, Mr Mutch and Mr Shah have been awarded options in the Company, as more fully detailed on page 27 and Provision 34. In addition, Mr Morrison, Mr Snaith and Mr Mutch have each shown their support for, and confidence in, the future of the company at fund raisings and accordingly hold shares in the company. Whilst this may question their independence in accordance with the Code, the Board continues to hold the view that this has not and does not impair their ability to act as independent directors.

Provision 12: Appointment of a Senior Independent Director

In view of its size, the Company has not appointed a Senior Independent Director. This will be reviewed as the Company progresses its development plans. To the extent that there are unusual circumstances that may require the duties and role of a Senior Independent Director, Mr Mutch acts in this capacity.

Provision 13: Appointing and Removing Executive Directors

On the appointment of Executive Directors refer to Principle J. As discussed under Provision 41, the Compensation Committee annually reviews the performance of the Company against previously determined corporate performance targets adopted by the Board. The non-executive directors meet frequently to discuss any performance concerns.

Provision 14: Meetings of the Board

During the 2022-23 financial year the Board comprised the Chairman, Chief Executive Officer and three non-executive Directors. At each Annual General Meeting, one third of the Directors who are subject to retirement by rotation shall retire from office provided that if their number is more than three, but not a multiple thereof, then the number nearest to but not exceeding one-third shall retire. Appropriate Directors' and Officers' liability insurance has been arranged by the Company.

The Board met a total of 11 times during the 2022-23 financial year, including four formal quarterly meetings to discuss a scheduled agenda covering key areas of the Group's affairs including operational and financial performance and monthly management accounts. All relevant information is circulated in good time. The attendance record of each director is shown below:

Director	Attendance	
Andy Morrison	11	100%
Jason Miles	10	91%
Laurence Mutch	11	100%
Philip Snaith	11	100%
Dilip Shah	8	73%

Provision 15: Demands on Directors' time

In addition to his role as Non-Executive Chairman, Andy Morrison is currently also a Director of Net Zero Carbon Developments Ltd, a Non-Executive director of Ondo InsurTech Plc, Non-Executive Chairman of Hemspan Ltd and Managing Director of Spinnaker Opportunities Ltd. Dilip Shah has other disclosed external appointments. These positions have been disclosed to the Board and do not, of themselves, impact the time they need to commit to the Company. Laurie Mutch and Philip Snaith have no other external appointments.

Provision 16: Advice from the Company Secretary

In Ian Farrelly the Company has a highly experienced Company Secretary and, for example, both the chairman of the compensation committee and the chairman of the audit committee are in regular contact to seek his guidance.

Composition, Succession and Evaluation of the Board

Principle J: A formal, rigorous and transparent procedure to board appointments. Establish a succession plan for board and senior management, based on merit and objective criteria. Promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Board Nominations Committee is chaired by Philip Snaith and comprises Andy Morrison, Philip Snaith and Laurence Mutch. There is a formal, rigorous and transparent procedure to board appointments with the use of external recruitment advisers as may be necessary. Refer to Provision 20. In view of its small size the Board does not have a formal succession plan, and this will be put in place as the Company progresses its development plans. The Board is keen to promote diversity as the Company develops.

Principle K: Board and committees to have a combination of skills, experience and knowledge. Review length of service of the board with membership regularly refreshed.

Refer to Director Profiles in the Annual Report pages 24-25. Each of the members of the Audit Committee has considerable financial experience. The members of the Audit and Compensation Committees formerly held senior executive positions in large organisations. External guidance is used in setting remuneration policy guidelines.

Mr Mutch has been on the Board for 16 years (since listing in April 2006). Whilst this is at odds with regularly refreshing the Board, long experience is highly valued by shareholders when the directors retire by rotation and are then re-elected. Refer to Provisions 18 and 19.

Principle L: The annual board evaluation to consider its composition, diversity and effective working together. Individual evaluation to demonstrate whether each director continues to contribute effectively.

An annual appraisal is undertaken of the contribution of each director, and the effectiveness of the Board and its committees. This involves the completion of a confidential director evaluation matrix with 10 contribution attributes, and a detailed questionnaire on board and committee performance together with an opportunity to propose improvements to Board and committee effectiveness. These are returned to the Company Secretary and a consolidated review is provided to the Chairman for review by the Board.

The Chairman oversees an annual evaluation of all employees with targets set for the following year. The Compensation Committee undertakes an evaluation of the Company's performance and that of the Chairman and CEO. Refer to Provision 41.

Provision 17: The Nominations Committee

Refer to Principle J.

Provision 18: Re-election of Directors

In accordance with the Company's Articles of Association, at each Annual General Meeting, one third of the Directors who are subject to retirement by rotation shall retire from office provided that if their number is more than three, but not a multiple thereof, then the number nearest to but not exceeding one-third shall retire.

Provision 19: Nine-year limitation of Chairman

Andy Morrison was appointed Non-executive Chairman on 1 February 2022.

Provision 20: External search consultant

The Company appointed external search consultants during the prior year to assist with the recruitment of the Chairman and COO roles.

Provisions 21, 22 and 23: Evaluation of the Board.

Refer to the commentary under Principle L above.

Audit, Risk and Internal Control

Principle M: Establish formal and transparent policies and procedures to ensure independence and effectiveness of internal and external audit functions. Satisfy itself on integrity of financial and narrative statements.

Refer to the Corporate Governance Statement on pages 31-44 in the Annual Report. In view of its size the Company does not have an internal audit function. However, the Audit Committee is closely consulted on the drafting of the Annual Report and of course is integral to the preparation of the annual results. The Committee has considerable governance, control and finance experience. Refer to "The work of the Audit Committee" under Provisions 24, 25 and 26.

Principle N: Present a fair, balanced and understandable assessment of company's position and prospects.

Refer to the Chairman's Statement in the Annual Report, and to Provision 24, 25 and 26: The work of the Audit Committee, Provision 27: Board responsibility in preparing the accounts, Provision 30: Going Concern and Provision 31: The prospects of the Company.

Principle O: Establish procedures to manage risk, oversee internal controls and determine nature and extent of principal risks in achieving its long-term strategic objectives.

QED performs a structured risk assessment on an annual basis. This involves a review of the probability and impact of adverse events across operational regions and at corporate level. This culminates in the preparation of a risk dashboard for consideration by the Board. This is followed by a documented risk mitigation strategy that is subsequently incorporated into the annual Business Plan. Refer also to Provision 28: Assessment of the Company's Risks and Provision 29: Risk Management and Internal Control systems.

Provisions 24, 25 and 26: The work of the audit committee

The Audit Committee is chaired by Laurence Mutch and comprises Philip Snaith and Laurence Mutch, both of whom have recent and relevant financial experience and considerable competence across all elements of the oil sector. The chairman of the committee provides a written or detailed verbal report as necessary of every Audit Committee meeting at the next board meeting. The committee meets at least four times a year and is responsible for monitoring the integrity of the financial statements of the Company, keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors. The committee provides advice on whether the annual report and accounts are fair, balanced and understandable. Due to the size of the Company, there is currently no internal audit function, although the committee has oversight responsibility for public reporting, overall good governance and the Company's internal controls. The committee annually assists management in the formal and robust assessment of the Company's risks. Other members of the Board, the Chief Financial Officer, as well as the auditors, typically attend the Audit Committee meetings.

The performance of the committee is reviewed annually by the Board as more fully described under Principle L above.

Significant Issues

The significant issues considered relating to the 2023 financial statements were Going Concern, the Valuation of Intangible Assets, and Management Override of Controls. The subject of Going Concern is covered in the Strategic Report on page 16 in the Annual Report, in the Auditors Report on page 45 and in Note 3 to the Financial Statements. The Valuation of Intangible Assets is addressed in the Auditors Report on page 45 and in Note 11 to the Financial Statements.

No Internal Audit function

An internal audit function is not appropriate at this time given the Company's current size, and in view of this, the Audit Committee consider the risk of management override of controls a significant issue. In making their assessment the Audit Committee considered specifically the controls over and approval processes covering cash payments and journals, as well as any indication of unusual transactions and any evidence of bias in the estimates made by management. The Audit Committee also considered the quality and frequency of management information provided to the Board. The Audit Committee's conclusion was that there is no evidence of inappropriate management override of controls.

Assessment and Safeguarding the Independence and Effectiveness of the external audit process

The committee has not identified any issues with regards to integrity, objectivity and independence of the Auditors and therefore considers them to be independent.

Provision 27: Board responsibility in preparing the accounts

The Board is responsible for the direction and overall performance of the Group with emphasis on policy and strategy, financial results and major operational issues. In addition, the Board is responsible for preparing the annual report and accounts, and considers this annual report and accounts, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Provision 28: Assessments of the Company's Risks

Each year in the second quarter, the Audit Committee assists the Executive Team in a structured zero-based re-assessment of the Company's emerging and principal risks. This is conducted for each operational sector and organisational level including the Company's research and development facility, QRF, and then aggregated for the Company as a whole. The risk level is determined by its probability, impact on the Company, and whether the risk has increased or decreased over the last 12 months. A summary of "Principal Risks and Uncertainties" is reviewed at a Board meeting. Subsequently a Risk Mitigation Strategy and Action Plan is incorporated into the annual Business Planning exercise conducted in June.

Provision 29: Risk Management and Internal Control systems

The Board is responsible for the effectiveness of the Group's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has a digital Policies and Procedures Directory comprising some 100 policies in 22 business categories. The Policies and Procedures are intentionally kept short so that these are easy to refer to and remain current. Of note, each of these is reviewed and signed off by at least one nominated director (executive or non-executive) who is required to have considerable prior experience of the subject matter. Expenditure and other authorities are subject to a tight Authorities Matrix, reviewed regularly by the Audit Committee. QED has a comprehensive disaster recovery plan which is tested on a regular basis.

The Board has established a Bribery Policy, signed by all Directors and employees, to achieve compliance with the UK Bribery Act 2010, which came into effect on 1 July 2011. Agreements with third parties contain statements that the Company and its associates are required to always adhere to the UK Bribery Act 2010. The Company has implemented a GDPR policy and has online training facilities for Bribery and Corruption, GDPR and General Data Protection. Completion of this training is compulsory for all employees and directors.

Provision 30: Going Concern and Longer-Term Viability

The subject of Going Concern is covered in the Strategic Report on page 16 of the Annual Report, in the Auditors Report on page 45 and in Note 3 to the Financial Statements. The Group's longer-term viability as a revenue and profit generating entity is covered in the Chairman's statement and CEO's statements on pages 8 to 15 and in the Strategic Report on page 16.

Provision 31: The prospects of the Company

The Outlook for the Company is addressed as part of the CEO's Statement on page 10 of the Annual Report.

Principles P, Q & R: Remuneration

Policies and practices designed to support strategy and promote long-term sustainable success. Executive remuneration aligned to purpose and values and clearly linked to successful delivery of company's long-term strategy.

A formal and transparent procedure for developing policy on executive remuneration should be established. No director involved in deciding their own remuneration.

Directors to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.

Refer to the Report on Directors' Remuneration on page 30.

With reference to Provision 41, the Compensation Committee reviews remuneration policy on an annual basis to assess its effectiveness, and on behalf of the Board conducts performance appraisals of the Company, the Chairman and CEO each year. External guidance is sought as necessary in setting the terms of senior executive compensation. Refer to Provision 35: Remuneration Consultant. In consultation with the Chairman, the committee prepares corporate targets for formal adoption by the Board and proposals to determine the award of bonuses and / or options. These are clearly linked to the delivery of long-term objectives and corporate strategy. Refer also to Provision 37: Compensation Committee discretion.

Provision 32: Appointment of the Compensation Committee

The Compensation Committee is chaired by Philip Snaith and comprises Philip Snaith and Laurence Mutch. The chairman of the committee provides a written or detailed verbal report as necessary of every compensation committee meeting at the next Board Meeting. Philip Snaith served on the committee prior to taking over as chairman.

Provision 33: Remuneration Policy

Refer to Provision 41.

Provision 34: Remuneration of Non-executive Directors

The Board determines the remuneration of the non-executive directors, and no Director participates in discussions about his own remuneration. Each of the non-executive directors have been awarded share options in prior years. Provision 34 of the Code states that remuneration for non-executive directors should not include share options or other performance-related elements. However as stated above, the Company's Non-executive Directors are of an unusual level of seniority and standing given the Company's moderate size and still early stage of development. The Company has a small full-time team and therefore the non-executive directors are more closely engaged in the strategic development of the Company than is normally the case, and their fee compensation is low given their seniority.

Provision 35: Remuneration Consultant

At this time the committee does not make use of a remuneration consultant, but the committee does make use of independent remuneration surveys when these become readily available.

Provision 36: The award of share options to Executive Directors

Options are granted by Board resolution in line with one or more of the three QED Share Option Schemes, a Schedule 5 Enterprise Management Incentive Plan ("EMIP"), a Schedule 4 Company Share Option Plan ("CSOP") and an Unapproved Share Option Plan ("USOP"). The award of

options is tightly linked to the delivery of long-term objectives and corporate strategy. The views of shareholders are taken into consideration.

Provision 37: Compensation Committee discretion

The committee retains an attitude of applying discretion when this is applicable regarding outstanding individual performance.

Provision 38: Only basic salary to be pensionable

Only basic salary is pensionable and pension contribution rates for executive directors are in line with those for other staff.

Provision 39: Contract periods and no reward for disappointing performance

The contracts for Executive Directors have no fixed end date. Bonuses to Executive Directors are proposed by the Compensation Committee with the amount determined by a formula which factors in both Company and individual performance.

Provision 40: Remuneration Policy Principles

Refer to Provision 41.

Provision 41: The work of the Compensation Committee

The committee works within the framework of a regularly reviewed compensation policy approved by the Board. It meets at least twice a year and conducts performance appraisals of the Company against previously determined corporate performance targets adopted by the Board. External guidance is sought as necessary in setting the terms of senior executive compensation including the award of bonuses and / or options.

In determining Executive Director compensation, the committee places considerable importance on proportionality, clearly linking remuneration to the delivery of long-term objectives and corporate strategy. In designing remuneration policy, the committee has endeavoured to incorporate the principles of clarity, simplicity, and predictability. As an external measure, the committee refers to remuneration surveys of AIM companies of similar size and complexity, when these are readily available. Shareholder views on compensation have been expressed at the AGM and in other meetings, and the committee has taken these and the company's performance into account in its deliberations.

The Report on Directors' Remuneration is on page 30.

The performance of the committee is reviewed annually by the board at large as more fully described under Principle L above.

Laurence Mutch

Chairman of the Audit Committee
29 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUADRISE PLC

Opinion

We have audited the financial statements of Quadrise Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 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 as applied to listed entities, 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.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the group and parent company will need to raise additional funding within twelve months from the date of approval of the financial statements in order to fund its ongoing working capital requirements. As stated in note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- Obtaining the directors' going concern assessment and evaluating the appropriateness of the assessment;
- Reviewing the budgets/cashflow forecasts which cover the period to 30 June 2025 and challenging management's basis for the underlying assumptions in the forecast, agreeing to supporting documentation such as the review of post year end bank statements, management accounts and regulatory news service announcements; and
- Reviewing the adequacy of the disclosures in respect of going concern including the uncertainties over the ability to raise additional funds.

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- The directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- The directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality.

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

The materiality applied to the group financial statements was £75,000, based on 1.5% of the group's gross assets. Gross assets were selected as the benchmark this includes the intangible assets (which includes the MSAR brand) and the technology for producing the emulsion fuel. The materiality applied to the parent company financial statements was £56,200 which has been assessed based on 1.5% of the parent company gross assets and capped below the overall group materiality. Gross assets were selected as the benchmark for the parent company materiality as the significant balance in the parent company financial statements is the investment in the subsidiaries, which own the trade name MSAR upon which the Group's business models relies.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. The performance materiality for the group was £45,000 and £33,700 for the parent company, being 60% of materiality for the financial statements as a whole.

In determining performance materiality, we considered the following factors:

- Our knowledge of the group and its environment, including industry specific trends;
- Significant transactions during the year; and
- The level of judgement required in respect of the key accounting estimates.

We agreed with the audit committee that we would report all audit differences identified during the course of our audit in excess of £3,750 for group and £2,800 for parent company level, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We applied the concept of materiality in planning and performing our audit and in evaluating the effect of misstatement. No significant changes have come to light during the audit which required a revision of our materiality for the financial statements as a whole.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. These areas of estimate and judgement included:

- The valuation of intangible assets as In line with IAS 36, management is required to perform an impairment assessment at each reporting end date to determine whether there is any indication that those assets have suffered an impairment loss. This included the assessment of key inputs such the future cash flow forecasts, discount rates, period and growth.
- The recoverability of investments in subsidiary undertakings (including intercompany receivable amounts). This included the assessment of key inputs such as future cash flow forecasts, discount rates, period and growth;
- The valuation of share based payments as there is complexity relating to the fair value calculation of such arrangements, including the valuation methodology used and the key inputs to such valuation models, which require management judgement. There is a risk that these arrangements have not been accounted for in accordance with IFRS 2 "Share-based payments".

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit was based on the significance of component's operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk.

Key audit matters

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

Key audit matter

How our scope addressed this matter

Valuation of intangible assets (**Note 11**)

The Group holds £2.92m of intangible assets relating to the MSAR® trade name from which currently no revenue is being generated.

In line with IAS 36, management is required to perform an impairment assessment at each reporting end date to determine whether there is any indication that those assets have suffered an impairment loss.

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation.

This is considered to be a key audit matter due to the judgement and estimation required by management in making this assessment.

Valuation of investments (Including intercompany receivables) – Parent company (**Note 12**)

There is a risk of material misstatement regarding the recoverability of investments in subsidiaries (including intercompany receivables i.e. the net investment in each subsidiary) and other equity investments, which are not yet revenue producing.

Our audit work in this area included:

- Considering whether any impairment indicators have been triggered;
- Obtaining and reviewing the Board approved impairment papers in respect of intangible assets;
- Checking the mathematical accuracy of the discounted cash flow forecasts used within the impairment papers;
- Challenging management on the key assumptions underlying the cash flow forecasts used in the impairment assessments (basis of future cash flow estimates, growth rates and discount rate) and using our own internal experts to verify the discount rate used for reasonableness;
- Evaluating the reasonableness of the cash flow forecasts and projections in the model through comparison to actual and prior period performance;
- Performing sensitivity analysis' on the key assumptions and management judgements used within the models; and
- Considering whether any other indicators of impairment are present under IAS 36 having reference to internal and external factors.

Our audit work in this area included:

- Reviewing the value of investment balances against the value of the underlying assets;
- Obtaining evidence of ownership for all investments held within the Group;

Key audit matter

The Group's business model relies upon the assets held by QIL – intangible assets, patents and trademarks. The recoverable amount of the investment in QIL is therefore determined by calculation of the net present value ('NPV') of the forecast cashflows produced by the Group's business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

This is considered to be a key audit matter due to the judgement and estimation required by management in making this assessment.

How our scope addressed this matter

- Reviewing management's impairment paper in respect of the recoverability of investment balances (including Intragroup receivables at the parent level) and providing appropriate challenges, corroborating any key assumptions used (Such as discount rate, cashflow projections, growth rates, period); and
- Considering whether any other indicators of impairment are present under IAS 36 having reference to internal and external factors.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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 course of 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 this gives rise to 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.

Matters on which we are required to report by exception

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.

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.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 42;
- Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 17;
- Directors' statement on whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities set out on page 16;
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 42;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 42; and
- The section describing the work of the audit committee set out on page 41.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management about the potential instances of non-compliance with laws and regulations.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - The Companies Act 2006;
 - AIM Rules; and
 - Local tax and employment law in the UK
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Conducting enquiries of management regarding potential instances of non-compliance;
 - Reviewing Regulatory News Service (RNS) announcements;
 - Reviewing legal and professional fees ledger accounts; and
 - Reviewing board minutes and other correspondence from management.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key management judgements could include management bias. The potential for bias was identified in relation to the following:
 - Valuation of intangible assets
 - Recoverability of investment in subsidiaries and intercompany balances
 - The valuation of share based payments
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Continuing operations			
Revenue		-	75
Production and development costs		(1,741)	(1,447)
Other administration expenses		(1,331)	(1,419)
Share option (charge)/credit	17	(178)	44
Warrant charge	18	-	(18)
Foreign exchange (loss)/gain		(6)	5
Operating loss	5	(3,256)	(2,760)
Finance costs		(4)	(3)
Finance income		12	1
Loss before tax		(3,248)	(2,762)
Taxation	8	154	164
Loss and total comprehensive loss for the year from continuing operations to owners of the parent		(3,094)	(2,598)
Loss per share – pence			
Basic	9	(0.22)	(0.18)
Diluted	9	(0.22)	(0.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Company No. 05267512

	Notes	As at 30 June 2023 £'000s	As at 30 June 2022 £'000s
Assets			
Non-current assets			
Property, plant and equipment	10	374	398
Intangible assets	11	2,924	2,924
Non-current assets		3,298	3,322
Current assets			
Cash and cash equivalents	14	1,342	4,423
Trade and other receivables	15	89	103
Prepayments		119	177
Inventory		174	-
Current assets		1,724	4,703
TOTAL ASSETS		5,022	8,025
Equity and liabilities			
Current liabilities			
Trade and other payables	16	175	262
Current liabilities		175	262
Equity attributable to owners of the parent			
Issued share capital	19	14,069	14,069
Share premium	19	77,189	77,189
Merger reserve	20	3,777	3,777
Share option reserve	20	718	1,151
Warrant reserve	20	-	970
Reverse acquisition reserve	20	522	522
Accumulated losses		(91,428)	(89,915)
Total shareholders' equity		4,847	7,763
TOTAL EQUITY AND LIABILITIES		5,022	8,025

The financial statements, accompanying policies and notes 1 to 27 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 29 September 2023 and were signed on its behalf by:



A. Morrison
Chairman



J. Miles
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital £'000s	Share premium £'000s	Merger reserve £'000s	Share option reserve £'000s	Warrant reserve £'000s	Reverse acquisition reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2021	14,069	77,189	3,777	3,344	1,017	522	(89,531)	10,387
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(2,598)	(2,598)
Share option charge	-	-	-	(44)	-	-	-	(44)
Transfer of balances relating to expired share options	-	-	-	(2,149)	-	-	2,149	-
Warrant charge	-	-	-	-	18	-	-	18
Transfer of balances relating to expired warrants	-	-	-	-	(65)	-	65	-
30 June 2022	14,069	77,189	3,777	1,151	970	522	(89,915)	7,763
1 July 2022	14,069	77,189	3,777	1,151	970	522	(89,915)	7,763
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(3,094)	(3,094)
Share option charge	-	-	-	178	-	-	-	178
Transfer of balances relating to expired share options	-	-	-	(611)	-	-	611	-
Transfer of balances relating to expired warrants	-	-	-	-	(970)	-	970	-
30 June 2023	14,069	77,189	3,777	718	-	522	(91,428)	4,847

For an explanation of the nature and purpose of other reserves refer to note 20.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Operating activities			
Loss before tax from continuing operations		(3,248)	(2,762)
Depreciation	10	119	120
Finance costs paid		4	3
Finance income received		(12)	(1)
Share option charge/(credit)	17	178	(44)
Warrant charge		-	18
Working capital adjustments			
Decrease in trade and other receivables	15	14	14
Decrease/(increase)in prepayments		58	(82)
Decrease in trade and other payables	16	(87)	(14)
(Increase)/decrease in inventory		(174)	61
Cash utilised in operations		(3,148)	(2,687)
Finance costs paid		(4)	(3)
Taxation received	8	154	164
Net cash outflow from operating activities		(2,998)	(2,526)
Investing activities			
Finance income received		12	1
Purchase of property, plant and equipment	10	(95)	(58)
Net cash outflow from investing activities		(83)	(57)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		4,423	7,006
Cash and cash equivalents at the end of the year	14	1,342	4,423

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Company No. 05267512

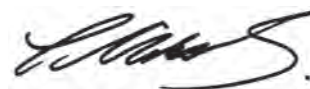
	Notes	As at 30 June 2023 £'000s	As at 30 June 2022 £'000s
Assets			
Non-current assets			
Property, plant and equipment	10	11	1
Investments in subsidiaries	13	21,479	21,479
Amount due from subsidiary	13	28,801	26,109
Non-current assets		50,291	47,589
Current assets			
Cash and cash equivalents	14	1,090	4,086
Trade and other receivables	15	48	50
Prepayments		66	61
Current assets		1,204	4,197
TOTAL ASSETS		51,495	51,786
Equity and liabilities			
Current liabilities			
Trade and other payables	16	77	148
Amount due to subsidiary	13	7,666	7,666
Current liabilities		7,743	7,814
Equity attributable to equity holders of the parent			
Issued capital	19	14,069	14,069
Share premium	19	77,189	77,189
Merger reserve	20	3,777	3,777
Share option reserve	20	718	1,151
Warrant reserve	20	-	970
Accumulated losses		(52,001)	(53,184)
Total shareholders' equity		43,752	43,972
TOTAL EQUITY AND LIABILITIES		51,495	51,786

The loss for the year dealt within the accounts of Quadrise plc was £0.4m (2022: income of £0.02m).

The financial statements, accompanying policies and notes 1 to 27 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 29 September 2023 and were signed on its behalf by:



A. Morrison
Chairman



J. Miles
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital £'000s	Share premium £'000s	Merger reserve £'000s	Share option reserve £'000s	Warrant reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2021	14,069	77,189	3,777	3,344	1,017	(55,421)	43,975
Income and total comprehensive income for the year	-	-	-	-	-	23	23
Share option credit	-	-	-	(44)	-	-	(44)
Transfer of balances relating to expired share options	-	-	-	(2,149)	-	2,149	-
Warrant charge	-	-	-	-	18	-	18
Transfer of balances relating to expired warrants	-	-	-	-	(65)	65	-
30 June 2022	14,069	77,189	3,777	1,151	970	(53,184)	43,972
1 July 2022	14,069	77,189	3,777	1,151	970	(53,184)	43,972
Loss and total comprehensive loss for the year	-	-	-	-	-	(398)	(398)
Share option charge	-	-	-	178	-	-	178
Transfer of balances relating to expired share options	-	-	-	(611)	-	611	-
Transfer of balances relating to expired warrants	-	-	-	-	(970)	970	-
30 June 2023	14,069	77,189	3,777	718	-	(52,001)	43,752

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Operating activities			
(Loss)/income before tax from continuing operations		(398)	23
Depreciation	10	1	1
Finance income received		(12)	(1)
Share option (credit)/charge	17	178	(44)
Warrant charge		-	18
Working capital adjustments			
Decrease in trade and other receivables	15	2	13
(Increase)/decrease in prepayments		(5)	12
Decrease in trade and other payables	16	(71)	(13)
Net cash (used in)/generated by operating activities		(305)	9
Investing activities			
Finance income received		12	1
Purchase of property, plant and equipment	10	(11)	-
Loan to subsidiary	13	(2,692)	(2,465)
Net cash outflow from investing activities		(2,691)	(2,464)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		4,086	6,541
Cash and cash equivalents at the end of the year	14	1,090	4,086

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Quadrise plc (“QED”, “Quadrise”, “Company”) and its subsidiaries (together “the Group”) are engaged principally in the manufacture and marketing of emulsion fuel for use in power generation, industrial and marine diesel engines and steam generation applications. The Company’s ordinary shares are listed on the AIM market of the London Stock Exchange.

QED was incorporated on 22 October 2004 as a limited company under UK Company Law with registered number 05267512. It is domiciled at, and is registered at, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

2. Summary of Significant Accounting Policies

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group’s business activities.

(2.1) Basis of Preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The preparation of financial statements in conformity with IFRS accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on

management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(2.2) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of entities controlled by the Group as at 30 June 2023.

All inter-company balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Accounting policies of subsidiaries are consistent with those adopted by the Group.

Control is defined as when QED, or a company which it controls, 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. Thus QED demonstrates control when it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor’s returns.

(2.3) Changes in Accounting Principles and Adoption of New and Revised Standards

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group. The Directors do not expect that the adoption of new standards will have a material impact on the financial statements of the Group in future periods.

(2.4) Significant Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial period are discussed below:

Intangible Assets (see note 11)

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation. The royalties are based on a percentage of projected future revenues up to 30 June 2033 with an assumed growth rate being used beyond that date. The key assumptions used by management in this VIU model are a) royalty rate, b) discount rate, c) the period over which cashflows are forecast d) the growth rate beyond that period. The basis for the assumptions used is discussed further in note 11.

The carrying value of intangible assets at 30 June 2023 is determined to be £2.9m (2022: £2.9m). Further details are given in Note 11.

Estimates of credit losses ('ECL') (see note 13)

Management makes judgement in relation to the future recoverability of receivables. In relation to the parent Company there is a net substantial loan to subsidiaries. Management has used the 'General Approach' guidance as noted in IFRS 9 to make judgements in relation to the future risk of default and the ability of the subsidiary to raise the funds necessary to repay the loan in the event that it was called due. Inherent in this model are

a number of judgements. Management have estimated that a provision was required of £1.24m at 30 June 2023 (2022: £621k).

Under the General Approach, at each reporting date, entities are required to determine whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in **Stage 1, Stage 2** or **Stage 3**, which in turn determines both:

- The amount of ECL to be recognised: 12-month ECL or Lifetime ECL; and
- The amount of interest income to be recognised in future reporting periods: EIR based on gross carrying amount of the loan which excludes ECL or the net carrying amount (i.e. the amortised cost) which includes ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the loan whereas 12-month ECL are a portion of Lifetime ECL that represent the ECL that result from default events that are possible within 12 months of the reporting date. For loans with an expected life in excess of 12 months, Lifetime ECL will typically be greater than 12-month ECL because entities will need to factor in all possible default event rather than only those possible within 12 months.

(2.5) Revenue Recognition

Under IFRS 15, revenue is recognised based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated statement of financial position items (such as trade receivables, accrued income and deferred income), management is required to review performance obligations within individual contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Interest income

Revenue is recognised as interest accrues.

(2.6) Foreign Currencies

The Group financial statements are presented in sterling, which is the Company's functional and presentation currency. Each entity in the Group uses Sterling as its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the functional currency rate ruling at the date of the transaction. Any resulting exchange differences are included in the statement of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The following exchange rates are used in the Group's major currencies:

	ISO Code	Statement of Financial Position (closing rate at 30 June 2023)	Statement of Comprehensive Income (average rate throughout the financial year)
USA	USA	1.266	1.208
Europe	EUR	1.163	1.151

(2.7) Finance Costs

Finance costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred. Interest and costs are accounted for on the accruals basis and are recognised through the statement of comprehensive income in full. No interest or borrowing costs have been capitalised.

(2.8) Business Combinations

Acquisition of subsidiaries is accounted for using the purchase method. The results of businesses acquired are consolidated from the effective date of acquisition, whereby upon acquisition of a business or an associate, net assets are stated at fair value.

On 18 April 2006, Zareba plc (renamed Quadrise plc) became the legal parent of Quadrise International Limited in a share-for-share transaction. Due to the relative size of the companies, the shareholders of Quadrise International Limited became the majority shareholders of Quadrise plc. Accordingly, the substance of the combination was that Quadrise International Limited acquired Quadrise plc and was therefore accounted for as a reverse acquisition under IFRS 3.

(2.9) Intangible Assets

Intangible assets acquired separately are measured initially at cost. The costs of intangible assets acquired in a business combination are measured at the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on

intangible assets with finite lives is recognised in the statement of comprehensive income in the expenses category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable and, if not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

(2.10) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using a straight line method with an allowance for estimated residual values. Rates are determined based on the estimated useful lives of the assets as follows:

Plant and equipment	3 to 15 years
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Additions to property, plant and equipment are comprised of the cost of the contracted services, direct labour and materials.

Depreciation commences in the month the asset is placed in service.

(2.11) Financial Instruments

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

The Group currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

(2.12) Financial liabilities and equity instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

- **Initial Recognition:** 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 (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are charged to the Statement of Profit and Loss over the tenure of the financial assets or financial liabilities.
- **Classification as debt or equity:** Debt and equity instruments issued by the Company 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. 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 a Company are recognised at the proceeds received.
- **Classification and Subsequent Measurement:** Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the fair value amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Fair value measurement

The fair value measurement of the Group's financial liabilities utilises market observable inputs and data as far as possible.

Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'): - Level 1: Quoted prices in active markets for identical items (unadjusted) - Level 2: Observable direct or indirect inputs other than Level 1 inputs - Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(2.13) Investments and other Financial Assets

Subsequent to the initial recognition, trade and other receivables in the Group accounts and the loan receivable in the Company accounts are measured at amortised cost using the effective interest method. These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly

attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Investments in Subsidiaries

Investments in subsidiaries are carried at cost less impairment. The Company tests investments annually for impairment, or more frequently if there are indications that they might be impaired. Impairment is based on the value in use of the subsidiaries.

Equity instruments

Following the introduction of IFRS 9, the Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets is recognised in the statement of profit or loss as applicable.

Investments, where there is no active market are held at fair value, are determined using valuation techniques which include using recent arm's length market transactions, reference to the current market value, discounted cash flow analysis and option pricing models.

(2.14) Impairment

At each statement of financial position date, reviews are carried out on the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from the other assets, estimates are made of the cash-generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash-generating unit. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

(2.15) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-in-hand bank balances, call money and unrestricted time deposit balances with a maturity of 90 days or less.

(2.16) Trade and Other Receivables and Payables

Trade and other receivables and trade and other payables are initially recognised at fair value. Fair value is considered to be the original invoice amount, discounted where material, for short-term receivables and payables. Long term receivables and payables are measured at amortised cost using the effective interest rate method. Where receivables are denominated in a foreign currency, retranslation is made in accordance with the foreign currency accounting policy previously stated.

(2.17) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average

purchase price is used. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Inventories as at 30 June 2023 relate to MSAR and bioMSAR fuel (2022: no inventories held.)

(2.18) Taxation

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes related to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in profit or loss or other comprehensive income as appropriate.

(2.19) Employee Retirement Benefits

The Group maintains a defined contribution pension plan for providing employee retirement benefits. The retirement benefit plan is generally funded by contributions from the Group to an independent entity that operates the retirement benefit schemes. Current service cost for the defined contribution plan is equivalent to the employer's contributions due for that period. The Group's contributions to the defined contribution pension plans are charged to the statement of comprehensive income in the year to which they relate.

(2.20) Share-based Payments

Employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ("equity-settled transactions"). These individuals are granted share option rights approved by the Board, which can only be settled in shares of the respective companies that award the equity-settled transactions. No cash settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("vesting point"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. If equity settled transactions are not expected to vest as at the reporting date, then the cumulative expense recognised in the statement of comprehensive income up to the reporting date will be reversed. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of a Black Scholes model.

(2.21) Warrants

Warrants are recognised at fair value on date of grant. The fair value is measured using the Black-Scholes model. Where warrants are issued in exchange for services, under IFRS 2 they are expensed on a straight line basis over the vesting period. Warrants issued as part of an equity based fundraising fulfil the criteria to be recognised as an equity instrument under IAS 32, with the fair value recorded in the warrants reserve and recognised in Share Premium.

(2.22) Financial Risk Management, Recognition and Accounting

The Group's multi-national operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. The Board has approved the risk management policies applied by the Group.

These policies are implemented by central finance that prepares regular reports to enable prompt identification of financial risks so that appropriate actions may be taken. The Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. No forward hedging activities are undertaken.

3. Going Concern

The Group had a cash balance of £1.34m as of 30 June 2023. In July 2023, the Company raised funds of £1.94 million (before expenses) via a Placing and subsequent Open Offer. These funds are expected to be sufficient to cover net project expenditure and fixed costs

up to H2 2024. Additional funding will be required to bridge the gap to the generation of sustainable positive cashflows, with these now forecast to commence in H2 2025.

The basis for these expectations is the Group business model, budget and business plan, and sensitivity analysis, which have been reviewed and approved by the Board. The model comprises the financial forecasts associated with each project opportunity deemed to have a realistic chance of progressing, with assumptions based on the latest market information, agreements with counterparties and the status of discussions.

The Directors carry out a detailed risk assessment process each year, with key risks and mitigating actions identified. Despite the ongoing global disruption caused by Russia's invasion of Ukraine, the Directors note the positive and sustained levels of engagement with partners, prospective clients and project stakeholders worldwide during the year, with progress continuing with regard to the Company's primary projects with MSC, Valkor and the client in Morocco. Existing and prospective commercial partners make decisions based on long-term considerations, and the Directors believe that the economic and environmental advantages offered by MSAR[®] and bioMSAR[™] are increasingly attractive in periods of global uncertainty as counterparties look to both generate savings and further improve their environmental performance.

The Group's ability to reach commercial revenues and sustainable positive cashflows will be determined by the successful outcome of the forthcoming trials. The Board are confident that the trials will be successful based upon the following:

- Morocco: The trial in Morocco involves the combustion of MSAR[®] for power

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

generation. This is a similar application to that successfully trialled by Quadrise at the Orlen Lietuva plant in Lithuania in 2011, where MSAR[®] was consumed in a power plant boiler to generate electricity.

- MSC: The MSC trials will take place on the same vessel used for the Maersk LONO trial (the MSC Leandra, formerly the Seago Istanbul). In addition, the engine manufacturer (Wartsila) and MSC are happy to proceed directly to on-vessel trials, rather than commencing with an initial stationary engine test, given their assessment of the low-risk nature of the trial.
- Utah: The Utah application is in the upstream sector, where similar technology has been successfully demonstrated previously by Quadrise Canada.

In addition, the positive results generated by the Aquafuel testing on bioMSAR[™] and the similar properties of MSAR[®] and bioMSAR[™] mean that trials involving bioMSAR[™] do not have a significantly higher risk of failure than the MSAR[®] equivalents.

The Directors have reviewed both the Group and Company's ability to operate as a going concern up to the 31 December 2024, and have determined that the continuation of the Group and Company as a going concern will be dependent upon successfully raising sufficient funds within 12 months of the financial statements sign off date to bridge the gap between the exhaustion of existing funds and the generation of sustainable positive cashflows. The Company is the 100% parent of Quadrise International Limited ('QIL'), the subsidiary through which the Group runs the operating and project activities discussed above. The Directors have a reasonable expectation that with positive trial results and ongoing progress to commercial revenues,

such funds will be raised, although no binding funding agreements are in place at the date of this report, furthermore, notwithstanding the Board's confidence, there are currently no binding agreements in place in respect of commercial revenues.

The Directors have therefore concluded that it is appropriate to prepare the Group and Company financial statements on a going concern basis; however, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The audit report on pages 45 to 52 draws attention to going concern by way of a material uncertainty.

The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

4. Segmental Information

For the purpose of segmental information, the reportable operating segment is determined to be the business segment. The Group principally has one business segment, the results of which are regularly reviewed by the Board. This business segment is a business to produce emulsion fuel (or supply the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines.

Geographical Segments

The Group's only geographical segment during the year was the UK.

5. Operating Loss

Operating loss is stated after charging:

	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	27	41
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	27	41
Tax compliance services	-	-
Consultants and other professional fees (including legal)	205	211
Depreciation of property, plant and equipment	119	120
Research and development costs	595	326

6. Staff Cost

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
Head count		
Average number of employees of the Group (including executive Directors employed by the Company) during the year was:		
Management	2	2
Technical staff / support / other	7	7

	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Staff costs		
Wages and salaries	904	836
Social security costs	110	101
Pension costs	60	57
Total	1,074	994

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Included in total staff costs are the costs of the Executive Directors as employed by the Company as follows:

Director	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Jason Miles		
Wages and salaries – as paid	271	251
Pension costs	10	10
	281	261
Mike Kirk¹		
Wages and salaries - as paid	-	48
Pension costs	-	4
	-	52
Mark Whittle²		
Wages and salaries - as paid	-	38
Pension costs	-	3
	-	41
Total	281	354

Aggregate emoluments of the Directors of the Company (excluding social security costs) were as follows:

Salaries and fees – as paid	423	454
Share option expense	115	(86)
Pension costs	10	17
Total	548	385

¹ Resigned 25 November 2021

² Resigned 16 July 2022.

Non-executive Directors fees for the year amounted to £152k (2021: £117k).

The highest paid Director's remuneration totalled £281k (2021: £261k), represented by all aggregate emoluments.

Refer to the Report of Directors' Remuneration (on page 30) for further details, the Key Management Personnel referred to therein are the Directors of the Company.

Further details regarding Non-executive Directors' remuneration are disclosed in note 23 – Related Party Transactions.

7. Losses Attributable to Quadrise plc

As provided by s.408 of the Companies Act 2006, no statement of comprehensive income is presented in respect of Quadrise plc.

8. Taxation

	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
UK corporation tax credit	(154)	(164)
Total	(154)	(164)

No liability in respect of corporation tax arises as a result of trading losses.

Tax Reconciliation	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Loss on continuing operations before taxation	(3,248)	(2,762)
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 20.5% (2022: 19%)	(666)	(525)
Effects of:		
Non-deductible expenditure	38	6
Super deduction	(3)	(4)
R&D tax credit	(154)	(164)
Non-taxable income	-	(10)
Temporary differences	-	-
Tax losses carried forward	631	532
Total taxation credit on loss from continuing operations	(154)	(164)

The Group has tax losses arising in the UK of approximately £62.10m (2022: £59.97m) that are available, under current legislation, to be carried forward against future profits. However, the ability to utilise the losses is restricted, being dependant on the type of loss and when it arose. The use of losses under the UK corporation tax regime was reformed from 1 April 2017 such that different rules on the use of losses apply to losses arising pre-April 2017 and post-April 2017. Pre-2017 trading losses can only be deducted against profits of the same trade within the company in which they arose, whereas the post-2017 trading losses can be used more widely and are deductible against total profits of the group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Year ended 30 June 2023 £'000s	Year ended 30 June 2022 £'000s
Reconciliation of tax losses		
Trading losses	36,255	33,215
Non-trade deficits arising in Intangible Assets within Quadrise International Limited	25,758	25,758
Management expenses incurred by Quadrise International Limited	-	817
Non-trade loan relationships	-	89
Capital losses	89	89
Total	62,101	59,968

A deferred tax asset representing these losses and other temporary differences at the statement of financial position date of approximately £15.53m (2022: £14.99m) has not been recognised as a result of existing uncertainties in relation to its realisation.

9. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares:

	Year ended 30 June 2023	Year ended 30 June 2022
Loss for the year (£'000s)	(3,094)	(2,598)
Weighted average number of shares:		
Basic	1,406,904,968	1,406,904,000
Diluted	1,406,904,968	1,406,904,000
Loss per share:		
Basic	(0.22)p	(0.18)p
Diluted	(0.22)p	(0.18)p

Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Group by the weighted average number of ordinary shares in issue during the year.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options over ordinary shares. Potential ordinary shares resulting from the exercise of share options have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share. The 18.3m dilutive share options issued by the Company and which are outstanding at year-end could potentially dilute earnings per share in the future if exercised when the Group is in a profit-making position.

10. Property, plant and equipment

Consolidated

	Leasehold Improve- ments £'000s	Computer Equipment £'000s	Software £'000s	Furniture and Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2022	89	94	43	16	1,440	1,682
Additions	-	3	-	8	84	95
Disposals	-	(1)	-	-	-	(1)
Closing balance – 30 June 2023	89	96	43	24	1,524	1,776
Depreciation						
Opening balance – 1 July 2022	(76)	(90)	(43)	(16)	(1,059)	(1,284)
Depreciation charge for the year	(3)	(2)	-	-	(114)	(119)
Disposals	-	1	-	-	-	1
Closing balance – 30 June 2023	(79)	(91)	(43)	(16)	(1,173)	(1,402)
Net book value at 30 June 2023	10	5	-	8	351	374

Company

	Leasehold Improve- ments £'000s	Computer Equipment £'000s	Software £'000s	Furniture and Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2022	-	67	44	16	-	127
Additions	-	3	-	8	-	11
Disposals	-	(1)	-	-	-	(1)
Closing balance – 30 June 2023	-	69	44	24	-	137
Depreciation						
Opening balance – 1 July 2022	-	(66)	(44)	(16)	-	(126)
Depreciation charge for the year	-	(1)	-	-	-	(1)
Disposals	-	1	-	-	-	1
Closing balance – 30 June 2023	-	(66)	(44)	(16)	-	(126)
Net book value at 30 June 2023	-	3	-	8	-	11

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Property, plant and equipment

Consolidated

	Leasehold Improve- ments £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2021	74	98	43	16	1,397	1,628
Additions	15	-	-	-	43	58
Disposals	-	(4)	-	-	-	(4)
Closing balance – 30 June 2022	89	94	43	16	1,440	1,682
Depreciation						
Opening balance – 1 July 2021	(74)	(92)	(43)	(16)	(943)	(1,168)
Depreciation charge for the year	(2)	(2)	-	-	(116)	(120)
Disposals	-	4	-	-	-	4
Closing balance – 30 June 2022	(76)	(90)	(43)	(16)	(1,059)	(1,284)
Net book value at 30 June 2022	13	4	-	-	381	398

Company

	Leasehold Improve- ments £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2021	-	71	44	16	-	131
Additions	-	-	-	-	-	-
Disposals	-	(4)	-	-	-	(4)
Closing balance – 30 June 2022	-	67	44	16	-	127
Depreciation						
Opening balance – 1 July 2021	-	(69)	(44)	(16)	-	(129)
Depreciation charge for the year	-	(1)	-	-	-	(1)
Disposals	-	4	-	-	-	4
Closing balance – 30 June 2022	-	(66)	(44)	(16)	-	(126)
Net book value at 30 June 2022	-	1	-	-	-	1

11. Intangible Assets

Consolidated

	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Balance as at 1 July 2022 and 30 June 2023	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Balance as at 1 July 2022 and 30 June 2023	(7,686)	(176)	(25,901)	(33,763)
Net book value as at 30 June 2023	-	2,924	-	2,924
Cost				
Balance as at 1 July 2020 and 30 June 2022	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Balance as at 1 July 2020 and 30 June 2022	(7,686)	(176)	(25,901)	(33,763)
Net book value as at 30 June 2022	-	2,924	-	2,924

Intangible assets comprise intellectual property with a cost of £36.7m, including assets of finite and indefinite life. Quadris Canada Corporation's ("QCC's) royalty payments of £7.7m and the MSAR® trade name of £3.1m are termed as assets having indefinite life as it is assessed that there is no foreseeable limit to the period over which the assets would be expected to generate net cash inflows for the Group, as they arise from cashflows resulting from Quadris and QCC gaining a permanent market share. The assets with indefinite life are not amortised, but the QCC royalty payments intangible asset became fully impaired in 2012.

The remaining intangibles amounting to £25.9m, primarily made up of technology and know-how, are considered as finite assets and were amortised over 93 months, being fully amortised in 2012. The Group does not have any internally generated intangibles.

MSAR® trade name intangible asset

In accordance with IAS 36 "impairment of assets" and IAS 38 "intangible assets", a review of impairment for indefinite life intangible assets is undertaken annually or at any time an indicator of impairment is considered to exist. The discount rate applied to calculate the present value is for the cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the CGU is assessed by reference to the value in use ("VIU"), being the net present value ("NPV") of future cash flow expected to be generated by the asset, and fair value less costs to sell ("FVLCS").

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation. The royalties are based on a percentage of projected future revenues up to 30 June 2033 with an assumed growth rate being used beyond that date.

The key assumptions used in this calculation are as follows:

	2023	2022
Royalty rate (% of projected revenue) ¹	0.5%	0.5%
Discount rate ²	20%	20%
Revenues forecast up to ³	30 June 2033	30 June 2032
Growth rate beyond forecast period ⁴	0%	0%

- ¹ The royalty rate used upon initial recognition of this intangible asset was 0.33% of revenues determined as part of a third-party intangible asset valuation exercise. This was increased to 0.5% of revenues from 2011 onwards to reflect the wider awareness of the MSAR® trademark in the market.
- ² The discount rate of 20% has been determined by management as conservative estimate based on the uncertainty inherent in the revenue forecasts. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects.
- ³ The 2023 revenue forecast extends to 30 June 2033 which is considered to be a reasonable timeframe that allows each project included within the forecast to reach full maturity.
- ⁴ No growth has been forecast beyond the forecast period due to the uncertainty inherent in the revenue projections beyond the stage of project maturity.

The revenue forecast is based on the latest Company business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

The 'base-case' impairment assessment based on the above inputs shows a recoverable amount for the asset that is in excess of the net book value of asset and therefore no impairment has been identified, with the VIU exceeding the carrying value by £1.48m (the 'headroom').

Management have performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts and certain scenarios were modelled for the CGU to assess whether the recoverable value would result in an impairment charge. In isolation, none of these scenarios would result in an impairment to the MSAR® Trade Name intangible asset. However, a combination of two or more of these scenarios could result in an impairment charge, but management do not consider this likely.

The following sensitivities were applied:

Results of sensitivity analysis

Scenario	Resulting headroom (£'m)	Scenario which would reduce headroom to nil
Delayed revenues (1 year)	1.32	A 3 year delay to forecast revenues.
Delayed revenues (2 years)	0.61	A 3 year delay to forecast revenues.
Increase in discount rate to 25%	0.46	Increase in discount rate to 26.95%.
Removal of projects which generate 25% of forecast revenues	0.89	Removal of projects which generate 42% of revenues.
Finite company lifespan (to 30 June 2035)	0.71	Finite company lifespan (to 30 June 2033).

Amortisation of Intangible Assets

The Board has reviewed the accounting policy for intangible assets and has amortised those assets which have a finite life. All intangible assets with a finite life were fully amortised as at 30 June 2023.

12. Investments

At the statement of financial position date, the Group held a 20.44% share in the ordinary issued capital of Quadrise Canada Corporation ("QCC"), a 3.75% share in the ordinary issued capital of Paxton Corporation ("Paxton"), a 9.54% share in the ordinary issued capital of Optimal Resources Inc. ("ORI") and a 16.86% share in the ordinary issued capital of Porient Fuels Corporation ("Porient"), all of which are incorporated in Canada.

QCC is independent of the Group and is responsible for its own policy-making decisions. There have been no material transactions between QCC and the Group during the period or any interchange of managerial personnel. As a result, the Directors do not consider that they have significant influence over QCC and as such this investment is not accounted for as an associate.

The Group has no immediate intention to dispose of its investments unless a beneficial opportunity to realise these investments arises.

Given that there is no active market in the shares of any of above companies, the Directors have determined the fair value of the unquoted securities at 30 June 2023. The shares in each of these companies were valued at CAD \$nil on 1 July 2022 due to their business models being highly uncertain, with minimal possibility of any material value being recovered from their asset base. During the year there has been no indication that this situation has changed, therefore the Directors have determined that the investments should continue to remain valued at CAD \$nil at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Investments and loans in Subsidiaries

	Company Amount due from subsidiary £'000s	Company Amount due to subsidiary £'000s	Company Direct investment £'000s	Total
Opening balance	26,109	(7,666)	21,479	39,922
Long term loans advanced	3,296	-	-	3,296
Movement in expected credit loss arising under IFRS 9	(604)	-	-	(604)
Closing balance	28,801	(7,666)	21,479	42,614

Loans to/from subsidiaries

In accordance with IFRS 9, a Company must recognise expected credit losses for all financial assets held at amortised cost, including most intercompany loans from the perspective of the lender. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As at 30 June 2023, the Company has a loan of £29.7m (2022: £26.7m) due from its 100% subsidiary Quadrise International Limited ('QIL'), and a loan payable of £7.7m (2022: £7.7m) due to its 100% subsidiary Quadrise Limited ('QL'). Both loans are repayable upon demand.

As at 30 June 2023, QIL has no ability to repay the balance due if this were to be demanded, there would therefore be a 100% probability of default. In this event, the Company must assess the expected manner of recovery.

The directors have determined that the most expeditious means of recovery of this balance would be via the means of a sale of QIL's assets in order to raise the balance due. The assets held by QIL include the Group's intangible assets, patents and trademarks, assets which underpin the value of the Group's business model. The directors have determined that the sale of these assets at a sufficient discount would allow QIL to obtain the funds necessary to raise the balance due and have further assumed that such a sale would be completed within a period of 6 months. The expected credit loss is calculated by discounting the balance due over the period of recovery at a determined discount rate.

On 29 April 2015 a Debenture agreement was finalised between QIL and the Company, in which QIL agrees to pay any balances when due, and to pay interest of 3.5% above the base rate on any sum demanded until payment. The base rate at 30 June 2023 is 5%. The discount rate used to calculate the expected credit loss is 8.5%.

The resulting expected credit loss arising on the loan due from QIL is £1,224k (2022: £621k). This is based on the recovery in full of the loan. In the event the group were only to realise a percentage of QIL's assets, the expected credit loss would be as follows:

Percentage recovery	Expected Credit Loss 30 June 2023 (£'000s)	Expected Credit Loss 30 June 2022 (£'000s)
100%	1,224	621
90%	4,104	3,231
75%	8,424	7,147
50%	15,624	13,675

Investment in subsidiaries

In accordance with IAS 36 a Company's assets must not be carried at more than their recoverable amount. Where there is any indication of impairment, an impairment test must be carried out.

The Group's business model relies upon the assets held by QIL – intangible assets, patents and trademarks. The recoverable amount of the investment in QIL is therefore determined by calculation of the net present value ('NPV') of the forecast cashflows produced by the Group's business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

The NPV valuation of the forecast cashflows was prepared using discount rates of 10%, 20% and 30%. Further sensitivity analysis was carried out using the following scenarios:

- The base-case scenario using the existing financial forecasts
- A 2 year delay to projects.
- Removal of the projects contributing 60% of cashflows.
- A finite company lifespan assuming activity does not progress beyond 2031-32.

None of the scenarios modelled above result in an NPV below the investment value of £21.5m.

As at 30 June 2023, there is no indication that the carrying value of the investment held by the Company in QIL is being held at more than its recoverable amount as determined by the net present value of the forecast cashflows produced by the Group's business model. Based on this the Directors concluded that no impairment is necessary for the year ended 30 June 2023. Holdings in subsidiaries are detailed in note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Cash and Cash Equivalents

	Consolidated 30 June 2023 £'000s	Consolidated 30 June 2022 £'000s	Company 30 June 2023 £'000s	Company 30 June 2022 £'000s
Cash at bank	1,342	4,423	1,090	4,086
Total	1,342	4,423	1,090	4,086

15. Trade and Other Receivables

	Consolidated 30 June 2023 £'000s	Consolidated 30 June 2022 £'000s	Company 30 June 2023 £'000s	Company 30 June 2022 £'000s
Trade receivables	17	24	-	-
Other receivables	28	25	23	20
Other taxes	44	54	25	30
Total	89	103	48	50

16. Trade and Other Payables

	Consolidated 30 June 2023 £'000s	Consolidated 30 June 2022 £'000s	Company 30 June 2023 £'000s	Company 30 June 2022 £'000s
Trade payables	55	81	17	53
Other taxes	12	40	-	25
Accruals	108	141	60	70
Total	175	262	77	148

There are no material differences between the fair value of trade and other payables and their carrying values at year-end.

Trade payables as at 30 June 2023 amount to 13 days (2022: 16 days) of purchases made in the year. All trade payables balances are less than 30 days old.

Amounts due to related parties at year end amounted to £nil (2022:£nil).

17. Share Options

Share option expense for the year ended 30 June 2023 was £178k (2022: credit of £44k).

Movement in the year:

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the year:

	Number 30 June 2023	WAEP (pence) 30 June 2023	Number 30 June 2022	WAEP (pence) 30 June 2022
Outstanding as at 1 July	21,385,343	9.00	42,750,000	14.69
Granted during the year	36,233,038	3.28	14,515,722	5.70
Expired during the year	(21,854,570)	7.07	(35,880,379)	14.44
Exercised during the year	-	-	-	-
Options outstanding as at 30 June	35,763,811	4.39	21,385,343	9.00
Exercisable as at 30 June	16,231,895	6.55	18,250,000	10.37

The weighted average remaining contractual life of the 35.76 million options outstanding at the statement of financial position date is 6.40 years (2022: 4.64 years). The weighted average share price during the year was 1.57p (2022: 2.66p) per share.

The expected volatility of the options reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The Share Option Schemes are equity settled plans, and fair value is measured at the grant date of the option. Options issued under the Schemes vest over a one to three year period provided the recipient remains an employee of the Group. Options also may be exercised within an agreed period of an employee leaving the Group at the discretion of the Board.

The Company issued 36.2 million share options to directors and employees during the year (2022: 14.5 million). The fair value was calculated using the Black Scholes option pricing model. The weighted average inputs were as follows

	2023	2022
Stock price:	1.46p	4.10p
Exercise Price	3.28p	5.70p
Interest Rate	2.16%	0.1%
Volatility	104.85%	124.12%
Expected term (years)	3.69	4.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Warrants

Movement in the year:

The following table illustrates the number and weighted average exercise prices (“WAEP”) of, and movements in, warrants during the year:

	Number 30 June 2023	WAEP (pence) 30 June 2023	Number 30 June 2022	WAEP (pence) 30 June 2022
Outstanding as at 1 July	40,228,026	6.98	40,228,026	6.98
Granted during the year	-	-	3,000,000	1.80
Exercised during the year	-	-	-	-
Expired during the year	(40,228,026)	6.98	(3,000,000)	3.53
Warrants outstanding as at 30 June	-	-	40,228,026	6.85
Exercisable as at 30 June	-	-	40,228,026	6.85

The warrants are equity settled warrants which vest immediately on grant date. Fair value is measured at the grant date of the option using the Black Scholes pricing model. The inputs into this model are: Stock price at the date of grant, exercise price, interest rate, expected term and expected volatility. The expected volatility of the warrants reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the warrants is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The weighted average inputs into the Black Scholes option pricing model were as follows:

	2023	2022
Stock price:	-	1.87p
Exercise Price	-	1.80p
Interest Rate	-	1.25%
Volatility	-	91.94%
Expected term (years)	-	0.72

No warrants remain outstanding at the statement of financial position date. As at 30 June 2022, the weighted average remaining contractual life of the 40.2 million warrants outstanding was 0.23 years. The weighted average share price during the year was 1.57p (2022: 2.66p) per share.

19. Share Capital

The company has one class of ordinary share capital which carries no rights to fixed income, any preferences or restrictions.

	2023 £	2022 £
Issued and fully paid:		
1,406,904,968 (2022: 1,406,904,968) Ordinary shares of £0.01 each	14,069,050	14,069,050

The table below shows a reconciliation of movement in share capital and share premium during the year:

	No. of shares	Share Capital (£'000) £	Share Premium (£'000) £
As at 1 July 2022	1,406,904,968	14,069	77,189
As at 30 June 2023	1,406,904,968	14,069	77,189

20. Other Reserves

Nature and purpose of other reserves

Merger reserve

In March 2021, the Company incorporated a Jersey registered 'Cash Box' company. This was used to facilitate the placing of 222,222,222 new ordinary shares of 1p each on 9 March 2021 at a placing price of 2.7p per share. The placing raised £6.0m and the Company received cash proceeds of £5.5m net of expenses. The proceeds of the share issue were parcelled into the 'cash box' Company which was then acquired by way of a share exchange which qualified for merger relief so avoided the need to recognise a share premium on the share issue. The net amount booked to share capital and reserves was £6.0m. £2.2m was allocated to nominal share capital and the excess of £3.8m was recorded within the merger reserve. All shares are fully paid up.

Reverse acquisition reserve

The reverse acquisition reserve arose on the reverse acquisition of Zareba plc (now Quadrise plc) by Quadrise International Limited on 18 April 2006 as accounted for under IFRS 3.

Share option reserve

The share option reserve is used to record the cumulative fair value of share options granted by the Company net of lapsed and exercised options.

Warrant reserve

The warrant reserve is used to record the cumulative fair value of warrants granted by the Company net of lapsed and exercised warrants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Pension Commitments

For direct employees of Quadrise plc, the Company contributes 8% of salary to a defined contribution pension scheme. Pension cost to the Company for the year amounted to £60k (2022: £57k).

22. Derivatives and Other Financial Instruments

The Group's principal financial instruments comprise cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Group and the Company at year-end are:

	Consolidated 30 June 2023 £'000s	Consolidated 30 June 2022 £'000s	Company 30 June 2023 £'000s	Company 30 June 2022 £'000s
Financial assets				
Loans and receivables - Cash and cash equivalents	1,342	4,423	1,090	4,086
Loans and receivables - Trade and other receivables	89	103	48	50
Financial liabilities				
Other financial liabilities - Trade and other payables	175	233	77	134

All receivables are current and are due within 30 days. Trade and other payables are due within 30 days.

Foreign currency exchange risk

The Group does not generally undertake foreign currency hedging. The majority of the Group's transactions are denominated in Sterling and it uses this as its reporting currency. Exposure to any foreign exchange movements exists primarily in the Euro currency.

The net monetary balances in other currencies at 30 June 2023 were net assets of US\$23k (2022: US\$38k) and €6k (2022: €38k).

A 10% strengthening of Sterling against the Euro at the statement of financial position date would have increased loss for the year by £0.5k (2022: £1k) whilst a 10% weakening of Sterling against the Euro would have reduced loss for the year by £0.5k (2022: £1k). This analysis assumes that all other variables remain constant.

A 10% strengthening of Sterling against the US\$ at the statement of financial position date would have increased loss for the year by £2k (2022: £6k) whilst a 10% weakening of Sterling against the US\$ would have reduced loss for the year by £2k (2022: £6k). This analysis assumes that all other variables remain constant.

Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions; however, it is not currently subjected to any other interest rate risk.

Based on cash balances at the statement of financial position date, a rise in interest rates of 1% will reduce loss for the year by approximately £13k (2022: £44k) per annum. A decrease in interest rates of 1% will increase loss for the year by approximately £13k (2022: £21k) per annum.

Liquidity risk

The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group takes liquidity risk into consideration when deciding its sources of funds.

Credit risk

The Group had receivables of £89k at 30 June 2023 (2022: £103k), of which £nil (2022: £nil) was receivable from related parties. Receivables of £89k represent the maximum credit risk to which the Group is exposed.

Capital risk management

The Group defines capital as the total equity of the Group. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value of financial assets and liabilities

There are no material differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial information.

Borrowings Facilities

The Group had no external borrowing facilities as at 30 June 2023 (2022: £nil).

23. Related Party Transactions

Non-executive Director Laurence Mutch is also a Director of Laurie Mutch & Associates Limited, which has provided consulting services to the Group. The total fees charged for the year amounted to £nil (2022: £5k). The balance payable at the statement of financial position date was £nil (2022: £nil).

QED defines key management personnel as the Directors of the Company. Other than as above, there are no transactions with Directors, other than their remuneration as disclosed in the Report of Directors' Remuneration.

24. Ultimate Parent Undertaking and Controlling Party

The directors have determined that there is no Controlling Party as no individual shareholder holds a controlling interest in the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Subsidiaries

The financial statements include the financial statements of Quadrise plc and the following subsidiaries:

Name	Percentage interest held and voting rights	Class of share held
Quadrise International Limited	100%	Ordinary
Quadrise (Dormant) Limited	100%	Ordinary

Quadrise plc and its subsidiaries are involved in the production and development of MSAR[®] and bioMSAR[™] emulsion fuel (along with supplying the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil for use in power generation plants and industrial and marine diesel engines.

The registered office for all subsidiaries is Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

26. Events After the end of the Reporting Period

Placing and Open Offer

On the 7 July 2023, the Company raised total gross proceeds of £1.1 million pursuant to a Placing of 88,000,000 New Ordinary Shares at a price of 1.25 pence per share. On 25 July 2023, additional gross proceeds of £0.84 million were raised from an Open Offer to qualifying shareholders for a total of 67,573,855 New Ordinary Shares at a price of 1.25 pence per share. The Placing and subsequent Open Offer raised a total of £1.94 million (before expenses) for the Company.

Issuance of Share Options

Performance Options

On 3 August 2023, the Company granted a total of 13,500,000 options (the 'Performance Options') over new ordinary shares of 1p each in the Company executives and employees of the Company in accordance with the provisions of the Company's Enterprise Management Incentive Plan ("EMI Plan"). The issue of these options follows the lapsing in full of the 11,950,000 options issued by the Company on 27 January 2023 due to the specific performance conditions of those options not having been met. 7,500,000 of the Performance Options were granted to Jason Miles, Chief Executive Officer of the Company.

The Performance Options have an exercise price of 2.5p, and will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant. All vestings are subject to the satisfaction of specific performance conditions prior to the first anniversary of grant. The Performance Options will be exercisable from vesting until the eighth anniversary of the date of grant.

Additional Options

On 3 September 2023 Quadrise also granted 4,500,000 options over new ordinary shares of 1p each in the Company to Non-Executive Directors of the Company in accordance with the provisions of the Company's Unapproved Share Option Plan 2016 ("2016 Plan") in the amounts set out below (the "Additional Options").

Director	No. of Share Options
Andrew Morrison	2,000,000
Laurie Mutch	1,000,000
Philip Snaith	1,000,000
Dilip Shah	500,000
Total	4,500,000

The Additional Options have an exercise price of 2.5p. There are no performance conditions to the vesting of the Additional Options, which will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant. The Additional Options will be exercisable from vesting until the eighth anniversary of the date of grant.

Nominal Value Options

On 3 August 2023, the Company granted a total of 35,555,555 nominal value options ('NVOs') over new ordinary shares of 1p each in the Company to executives and employees in accordance with the provisions of the Company's Enterprise Management Incentive Plan ("EMI Plan"). 6,666,667 of the Performance Options were granted to Jason Miles, Chief Executive Officer of the Company.

These Options have an exercise price of 1p, and will vest after 12 months from the date of grant, with vesting not subject to performance conditions. The NVOs will be exercisable from vesting until the tenth anniversary of the date of grant.

27. Copies of the Annual Report

Copies of the annual report will be posted to shareholders and will be available shortly from the Company's website at www.quadrise.com and from the Company's registered office, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

CORPORATE INFORMATION

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